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Assessment

PVC's Support of PVO Capacity Building

Cooperative Agreement

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LIST OF ACRONYMS

AKF	Aga Khan Foundation
BHR	Bureau of Humanitarian Response
CARE	Cooperative for Assistance and Relief Everywhere, Inc.
CBO	Community Based Organization
CORE	Child Survival Collaborations and Resources
CRWRC	Christian Reformed World Relief Committee
CSTS	Child Survival Technical Support
DG	Democracy and Governance
DOSA	Discussion-Oriented Self Assessment
EGAD	Economic Growth and Development
ENV	Environment
G	Global Bureau
GEM	Global Excellence in Management
HCD	Human Capacity Development
IDF	Institutional Development Framework
IDR	Institute for Development Research
IFCB	International Forum on Capacity Building
IIRR	International Institute for Rural Reconstruction
IQC	Indefinite Quantity Contract
IR	Intermediate Result
ISA	Institutional Strength Assessment
ISR	Institutional Self Reliance
MCH	Maternal and Child Health
MG	Matching Grant
MSI	Management Systems International
ND	Not dated
NGO	Nongovernmental Organization
NNGO	Northern Nongovernmental Organization
NPI	New Partnership Initiative
OCA	Organizational Capacity Assessment
OCI	Organizational Capacity Indicator
OPU	Operating Unit
PCI	Project Concern International
PHC	Public Health Care
PHN	Population Health and Nutrition
PVC	Private and Voluntary Cooperation
PVO	Private Voluntary Organization
R4	Results Review and Resources Request
RFA	Request for Assistance
SDS	Sustainable Development Support
SEEP	Small Enterprise Education and Promotion
SNGO	Southern Nongovernmental Organization
SO	Strategic Objective
SOW	Scope of Work
TPM	Team Planning Meeting
TTAP	Training and Technical Assistance Plan
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Introduction

The primary objective of this study is to assess whether and how interventions of the Private and Voluntary Cooperation Office of the Bureau of Humanitarian Response of the U. S. Agency of International Development (PVC/BHR/USAID) through matching grants and other programs have affected the capacity of its private voluntary organization (PVO) partners and their non-governmental organization (NGO) counterparts. Further, the assessment examines how these interventions have affected the way partner institutions deliver services in the field and whether those services result in improved conditions for the ultimate beneficiaries of PVC's assistance.

The study focuses primarily on matching grant recipients and their NGO partners, with emphasis on capacity-building elements in matching grants and the impact of special initiatives such as GEM, SDS, and DOSA. Where appropriate, however, particularly in field visits, the study included Child Survival, microenterprise, and HIV/AIDS programs supported by PVC that have a capacity-building component.

Background

USAID's Office of Private and Voluntary Cooperation (PVC) is the focal point for the Agency's partnership with U.S. PVOs. For the past decade PVC has focused on enhancing the capacity of U. S. PVOs and their local counterparts. PVC is unique in USAID in that its only SO focuses specifically on capacity building. PVC's Strategic Objective is *increased capacity of PVC's partners to achieve sustainable service delivery*. As an intermediate result under this SO, PVC focuses on improved PVO operational and technical capacity.

USAID uses a variety of techniques and funding mechanisms to support capacity building. For PVC, the most common methods are grant support to PVO capacity- building initiatives (for themselves and their NGO or community partners) and facilitation of PVO and NGO access to capacity-building training and technical assistance through support grants to selected providers of these services.

Activities in other parts of USAID also are contributing to a valuable experience base for understanding institutional development in the PVO/NGO community. For example, the Bureau for Europe and Eurasia has developed the NGO Sustainability Index and supported DemNet projects in several countries that focus on NGO networking and capacity. The Democracy Center in the Global Bureau supports numerous activities with civil society organizations, especially in the area of capacity for advocacy. The Global Bureau's Office of Population, Health, and Nutrition (PHN) supports the Measure Evaluation project, which is working to develop indicators and guidelines to assess the results of capacity building interventions among PVOs in the health sector. The Environment Center supports activities that focus on community-level capacity building and support of civil society. There are, in addition, numerous mission-level programs that include elements of capacity building for host country NGOs, especially those with a role in strengthening civil society.

Methodology

A combination of quantitative and qualitative information including subjective ideas from interview respondents was used to address the key questions for the study. A survey questionnaire was prepared and e-mailed by PVC to Matching Grant recipients, with responses coming to the Assessment Team. In order to compare what USAID is actually doing in terms of PVO/NGO

capacity, several data runs were completed using the USAID database of R4 information from operating units (OPUs) worldwide. Evaluation documents were reviewed and the evaluators looked for patterns in the findings that might help address the questions related to impact of capacity building and of PVO programs. In addition, the evaluators spoke with over 100 key informants in the U.S. and in field visits to Peru and Indonesia. Most of the persons interviewed are PVO or NGO community leaders.

Assessing the Institutional Capacity of PVOs and NGOs

Numerous frameworks for describing or assessing the institutional capacity of development organizations are in use. Several, tailored for use with PVOs and local NGOs, have been developed under USAID auspices by contractors and PVOs themselves. This is a timely emphasis. Past history in measuring institutional capacity in the development arena reflects real conceptual and practical limitations. Fortunately there is a great deal of similarity in these new frameworks, reflecting the fact that there is a well-developed emerging consensus on the attributes that make for effective and sustainable institutions.

A set of common categories of institutional capacity emerges from an analysis of these frameworks, providing basis for discussion of USAID success in supporting capacity improvements among its PVO and NGO partners (and, by extension, their partners).

<i>Institutional Resources</i>	<i>Institutional Performance</i>	<i>Institutional Sustainability</i>
Legal structure and governance	Program results	Organizational autonomy
Human resources	Networking and external relations	Leadership
Management systems and practices	Application of technical knowledge	Organizational learning
Financial resources	Constituency empowerment	

Capacity Building Needs and Priorities

In October 1996 Southern NGOs (SNGOs) involved in the World Bank NGO Working Group proposed an interagency working group on capacity building. USAID/PVC collaborated with the World Bank in a survey of northern donor experiences with Southern NGO capacity building. The focus of these consultations and surveys was to identify capacity building priorities as perceived by each of the stakeholder groups. The surveys and consultations provided information for an International Conference on NGO capacity building held in Brussels in May 1998. During the Brussels Conference, deliberations generated a significant consensus on the priority needs for future capacity building needs of SNGOs as follows:

- Leadership development
- Policy research and advocacy
- Information access, use and dissemination
- Building alliances, coalitions, networks, north-south partnerships and intersectoral partnerships
- Financial sustainability

Meanwhile, sixty-five percent of all USAID operating units report some type of NGO capacity building support, either as a separate strategic objective or as part of the activities under a strategic objective. The Democracy and Governance Goal Area has the highest number due to extensive work with local organizations on civil society issues. All regions and goal areas are working with NGOs to support their technical capacity building and institutional capacity building.

The following table compares perspectives on NGO capacity building.

Frameworks for assessing capacity	Capacity building priorities	USAID support for capacity building
Legal structure & governance		
Human resources		
Management systems and practices	Information access, use and dissemination	<ul style="list-style-type: none"> • Institutional capacity • Monitoring and evaluation
Financial resources	Financial sustainability	Sustainability
Program results		<ul style="list-style-type: none"> • Technical capacity • Regional training capacity
Networking and external relations	Building alliances, coalitions, networks, north-south partnerships and inter-sectoral partnerships	
Application of technical knowledge		
Constituency empowerment		
Leadership	Leadership development	
Organizational learning	Policy research and advocacy	

The clear emphasis on financial sustainability with all three perspectives indicates that PVC should consider how to best facilitate sustainability of programs and organizations through future efforts.

The Impact of PVC-Supported Institutional Capacity Building

Measuring the impact of capacity building is, at best, an uncertain science. Ideally one could measure (and compare to some baseline data) actual changes in capacity, the impact of capacity improvements on programs, and based on the above, the comparative cost effectiveness of different approaches to building capacity. The reality, however, is that little such measurement is going on and so an evaluator typically finds neither baseline data nor any longitudinal tracking data on which to base judgements about either capacity changes or their impact. Lacking these data, it is virtually impossible to measure effectiveness, let alone cost effectiveness.

To look further at the value added impacts of Matching Grant support for capacity-building, this report discusses findings and examples of value added impact in the three main categories of *institutional* capacity presented in the previous section: institutional resources, institutional performance and institutional sustainability. A few highlights are noted in this summary.

Institutional Resources

Given the rapid creation of new NGOs in many countries as a result of more open environments and the availability of increased donor funds, issues of legitimacy and accountability are increasing in importance. It is likely therefore, that issues of legal structure and governance will take on added importance in the future and may be an area where grant-supported assistance will have important value-added payoffs.

Several informants argued that staff development is the most important capacity building investment for long-term impact. Not surprisingly, training is a major activity in this regard. But there is virtually no measurement or analysis of the effectiveness of these interventions available.

Probably the most common use of PVC Matching Grant funds for capacity building is in the area of strategic planning. Virtually every recipient uses MG funds for this purpose both for themselves and in support of their NGO partners. For many PVOs, this strategic emphasis has led to significant new departures and ways of doing things.

Improved information management is another common capacity building objective in the use of matching grant funding by PVOs. A particular manifestation of this worth noting is the “resource center” concept. In general, resource centers are country or regional locations offering a variety of information support to local NGOs, including web access and assistance with technology use.

While PVOs often use Matching Grant funding for development of monitoring and evaluation systems and procedures, relatively little effort has gone into the art of measuring institutional capacity over time to track the impacts of capacity building interventions.

A growing emphasis of Matching Grant recipients is helping partners generate additional financial resources. Financial sustainability is one of the most mentioned areas where PVOs and USAID Missions alike would be interested in additional technical support.

Institutional Performance

Stronger organizational capacity is expected to lead to improved program performance. The link is difficult to rigorously measure and little attempt has been made to do so in the development community although, of course, program results are commonly monitored. PVC’s Matching Grants support improved program results by encouraging implementation and testing of new models for service delivery. Several organizations do cite the impact of PVC Matching Grant funds on improving aspects of the way they deliver programs.

It was not within the scope of this assessment, however, to measure PVO/NGO service delivery effectiveness. Nor is there any body of knowledge or data to prove the link between stronger organizations and broader or better services. Nonetheless, as described anecdotally in the GEM and SDS assessments, supported by observations of this study, organizational capacity improvements do lead to improved strategy, better-prepared staff and in some cases expanded programs.

Networking value added is manifested in the areas of peer-to-peer transfer of knowledge and learning or in the development of external links that provide prestige, protection, or funding. Two ongoing assessments of PVC-supported networks—CORE (Child Survival organizations) and CorCom¹ (facilitating PVO-private sector partnerships)—cite several beneficial outcomes of these networks. Areas where peer-to-peer networking seems most beneficial to PVOs and NGO partners are program coordination, sharing and documenting best practices, raising awareness of PVOs and NGOs in the wider community and fundraising support.

¹ As of January 2000 the network name CorCom was changed to Millennium Alliance.

sector and 4) between NGOs and sources of research or technical information. The PVO/NGO partnerships are common to most matching grants. Partnerships among NGOs are also common, but tend to be more informal. NGO/private sector partnerships are becoming more common.

Another rapidly growing area of PVO/NGO programming is advocacy support on behalf of local constituencies. Here again, PVC adds value by enabling local programs to have greater substance and reach. PVC inputs then are often multiplied by local Mission support and, in some cases, other local support including donors and the private sector.

Institutional Sustainability

Beyond a common emphasis on access to resources, some PVOs focus on enduring and transparent systems of NGO governance, including such elements as board roles, supervisory practice, and ethics. Leadership development is a major emphasis of the GEM project and is a subset of the management development that is a part of many PVOs capacity building strategies. But, overall, it may be an under-emphasized area of focus.

Tools for capacity assessment such as the OCA and DOSA methods supported by PVC provide valuable mechanisms for organizational learning. These activities and similar initiatives among other PVOs add value by increasing opportunities for mutual learning among PVOs and NGOs through innovative use of technology and other means. Networks of PVOs, as noted above, also support organizational learning and expand information sharing into opportunities for dialogue.

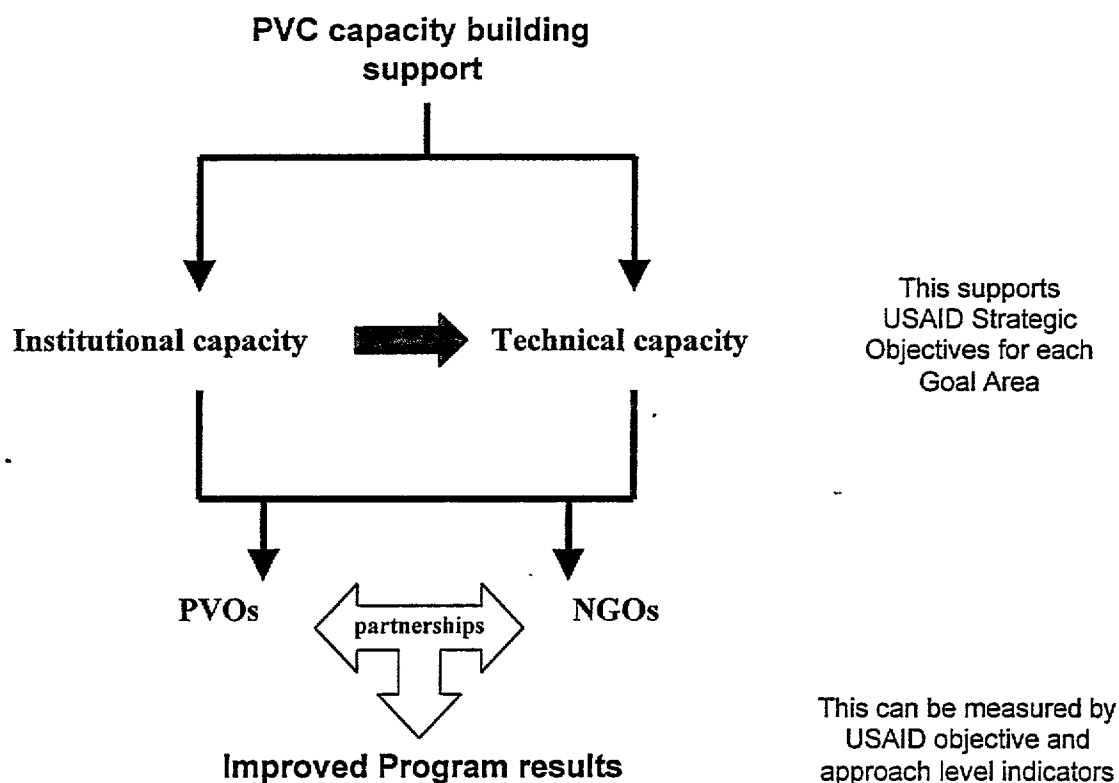
The service center concept, not widely used by grantees but successful in the USAID DemNet program in central Europe and under consideration by some PVOs may provide a cost-effective way to promote learning opportunities for local NGOs. Service centers can provide a central repository for information about funding sources and management or technical issues. They also provide support for access to technologies such as the Internet for networking, e-mail and other information access.

The Role of Future PVC Support for PVO/NGO Capacity Building

As PVC looks ahead and plans for future support for PVOs and NGOs, the entire office program should be part of that planning. Several issues must be considered.

- What types of capacity building support are most critical to enable the PVO/NGO community to plan, implement and monitor effective and sustainable development programs?
- How can PVC capacity building support the integration of PVO programs and USAID country Strategic Objectives?
- How can PVC make its capacity building efforts more responsive to the needs of southern NGOs?

It may be useful to think about how PVC's capacity building fits into USAID's overall development effort. As illustrated in the figure below, as PVC works to build the capacity of PVOs and NGOs to do international development, one major emphasis is on building the basic institutional capacity to carry out programs. This in turn should foster improved technical capacity and ultimately more successful programs, with good results. In other cases, PVC supports direct building of technical capacity. This also should result in more successful programs and positive impact at the community level.



The current assessment focused primarily on the relationships represented in the upper three-fourths of this figure. The data sources were used to assess the linkages among PVC's support, institutional capacity, technical capacity and PVO/NGO partnerships. Where possible, the impact on program results was also examined.

Several themes that emerged from the capacity building assessment are noted as a precursor to a discussion of future options that PVC should consider for its continued support of PVO/NGO capacity building.

PVO/NGO Capacity Assessment: Because of the growing attention to NGO collaboration at the USAID Mission level, current attention often is centered on the development results to which these NGOs contribute rather than to their capacity, even when capacity building is a stated objective (as it almost always is). As a result, there is some reluctance to invest in measuring organizational capacity, especially on an ongoing basis.

PVO/NGO Capacity Building: There are general areas of agreement about the types of capacity that are needed for productive organizational functioning. For example, organizational sustainability requires attention to the nuts and bolts of effective governance—board roles, staff accountability, supervisory practices, financial transparency and ethics. Also, effective strategic planning is a recognized factor in organizational performance and a major arena of PVC-supported capacity building for PVOs and partner NGOs. PVO networks, especially those supported by PVC, seem to represent significant value added. But the benefits of capacity building are reduced and even eroded in the absence of support for follow up application and guidance.

Civil Society: Donor attention to a vibrant civil society has created both opportunity and risk for the development of community-based organizations and advocacy NGOs representing local citizen interests. On the one hand, these organizations now have a role to play in support of transition to more decentralized, democratic governance. On the other hand, there is a proliferation of CBOs and NGOs responding to both need and donor resource availability. They vary widely in both competence and legitimacy, which presents a severe challenge for those investing in their development.

PVO/NGO Reporting: One of the continual problems with assessing the program level impact of capacity building efforts is a lack of baseline data against which to objectively measure change. If rigor and pragmatism can be combined in order to improve the ability of PVOs to track results, it will help meet reporting requirements and they will also have better information for program management. This would also provide PVC with comparable data from various grants and enhance the ability to look at program wide impact.

Financial Sustainability: As with civil society, financial sustainability and the need for resource diversification is a central theme surfacing from all types of data used in this study. PVC has played a major catalyst role in strengthening the capacity of PVOs to build a financially sustainable base.

The Role of PVC in the Eyes of the PVO Community: The PVO community values PVC as both a source of capacity building assistance and a locus of support for innovation and experimentation. There is considerable hope in the PVO community that PVC will continue its support of innovation. A corollary of this role is the need for PVO- USAID collaboration to define results and determine indicators in such areas as the dynamics of organizational change and capacity, partnership and NGO/constituency empowerment. These are particular directions where PVC priorities and PVO competencies intersect. PVC and the wider USAID should recognize and institutionalize PVC's role as a center of innovation and experimentation. This suggests that PVC should be measured by the degree to which it contributes to agency and partner learning as much as it is measured by traditional development outcomes on the ground.

Recommendations for the PVC Grant Management Process

The following general recommendations are made for PVC.

- Find ways to standardize grant review and management procedures across PVC programs.
- Revise RFAs to require baseline and targets for specific types of capacity.
- Expand the use of assessment tools as baseline and impact measures.
- Encourage further development of industry standards of organizational capacity for sectoral groups of NGOs (micro-enterprise and health have experience in this area).
- Revise RFAs to require specific linkage to USAID strategic objectives with the use of SO indicators to measure impact.
- Include baseline and targets as part of proposal review criteria.

- Include fields to record type of capacity building proposed in the MG data set. This will enable PVC to more effectively track what they support and what trends emerge.
- Encourage more emphasis on the implementation of strategic plans and other management actions in training activities.
- Encourage adequate built-in follow up for capacity building.
- Examine the contributions of PVC supported networks to technical capacity building in context of network sustainability without continued support.
- Implement a more consistent evaluation process with specific attention to the impact of PVC's support to an organization's program.

Possible Options for a New Results Package

The following options are suggested for consideration in the design of a new results package. The options are not presented as mutually exclusive, but as ideas to consider in making decisions about an overall program to support PVOs and NGOs.

A Grant Budget Line Item: This option does not actually require a new results package, but can be viewed as a supplementary mechanism to subsidize PVOs in accessing training and organizational development activities for themselves and their partners. Consideration should be given to a more targeted focus for grant supported capacity building. Dialogue regarding this focus would begin in the RFA conference and continue through the process of implementation.

Central Technical Support Unit: Selected areas of direct technical support could be keyed to standard-setting, assessing and monitoring organizational capacity, including doing baseline assessments and adding rigor to the assessment of linkages between organizational capacity and program results. Civil society and financial sustainability could be additional areas of focus. This mechanism could also offer regional workshops for mission personnel focused on working with local NGOs.

Other possible roles for a technical support unit are:

- Information/resource center (dealing with technology, access to databases and other information on donors, local funding sources, best practices, tools, etc.)
- Functioning as a PVO "Service Center" (databases of funding sources, tools, facilitation of peer-to-peer transfer, etc.)
- Support existing networks of grant recipients such as SEEP. Facilitate networking around best practices and common issues, sponsor meetings, programs, produce newsletter, etc.
- Continued support for the IFCB.

A contract consortium selected through a competitive bidding process would provide services. These services would be available to PVC's clients on a subsidized basis, probably with cost sharing. Other services would be obtained in the external marketplace although the support unit could play a linking function. A possible contracting mechanism for this option is an indefinite quantity contract (IQC) with a core management task and a core technical task to provide a minimum number of services for PVC.

A Mechanism for Mission and Bureau Participation: This is an additional role for a technical support unit. The issues of assessing capacity and supporting civil society and financial

sustainability show up as prominent mission concerns. There is also interest in the information sharing, standard setting and tracking organizational capacity and program impact. Helping to develop local cadres of experts in organizational capacity building is another possible agenda.

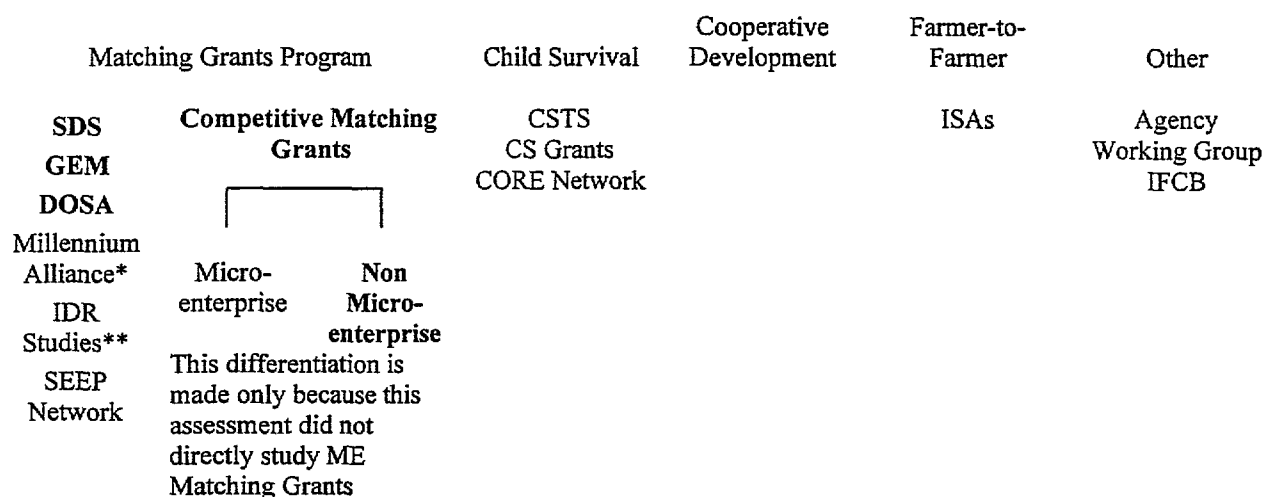
1. INTRODUCTION

1.1 Scope of Inquiry

The primary objective of this study is to assess whether and how interventions of the Private and Voluntary Cooperation Office of the Bureau of Humanitarian Response of the U. S. Agency of International Development (PVC/BHR/USAID) through matching grants and other programs have affected the capacity of its private voluntary organization (PVO) partners and their non government organization (NGO) counterparts. Further, the assessment examines how these interventions have affected the way partner institutions² deliver services in the field and whether those services result in improved conditions for the ultimate beneficiaries of PVC's assistance.

The study focuses primarily on matching grant recipients and their NGO partners, with emphasis on capacity-building elements in matching grants and the impact of special initiatives such as GEM, SDS, and DOSA. Where appropriate, however, particularly in field visits, the study included Child Survival, microenterprise, and HIV/AIDS programs supported by PVC that have a capacity-building component. Figure 1.1 shows a schematic representation of PVC's capacity building portfolio. The elements shown in bold were assessed directly for this study. Those not in bold were studied with information from secondary sources and other studies.

Figure 1.1. PVC capacity building



*Formerly CorCom

**See list of references for detailed citation of these studies.

The purpose of this assessment as stated in the scope of work is as follows:

² The term "institution" has many definitions, some much broader than others. For purposes of this report an institution is defined as an entity (or group of related entities) having a legal framework, an organizational structure, operating systems, staff, and resources and constituted to fulfill a set of related functions valued by a client or constituent group. This term is thus used more-or-less interchangeably with "organization."

- To inform PVC of the efficacy, utility and impact of its capacity-building efforts associated with the Matching Grants program;
- To inform PVC in designing a results package comprising its Mission-directed LINGO capacity-building initiative as well as future capacity-building programs for PVC grantees;
- To provide information that PVC will use in refining aspects of its strategic framework; and
- If appropriate/possible, to provide information that PVC will use in reporting at the Strategic Objective level in its annual R4 report.

1.2. Key Questions for Analysis

The current assessment examines a number of key questions at various levels. Questions related to PVC focus on the current role of PVC as a USAID central bureau in regard to supporting local organizations and how useful models and approaches supported by PVC are in capacity building. Further questions look at the relative effectiveness of capacity building efforts in order to make recommendations about what combination of capacity building elements PVC should continue to support in the future.

At the PVO and NGO levels, assessment questions primarily look at the impact and effectiveness of capacity building within organizations and in their programs. Here the assessment looks at how groups have changed and what that has accomplished. Issues of value added are also included.

Generally the assessment also looks at how beneficiaries of capacity-building programs used the training and/or technical assistance and how easily they were able to access the capacity building assistance PVC offers.

Because of the complexity of capacity building as a process, it should be examined within the appropriate context. This is true for planning capacity building and also for looking at the results. Therefore in this assessment, the authors tried to address the above described types of questions first in a broader development context drawing on literature and experience beyond and across USAID as well as within PVC. Then as part of a learning approach to the assessment process, the focus was narrowed back down to PVC. Based on the assessment, a series of future options for PVC is presented in the final chapter of this report.

2. BACKGROUND

2.1 The Importance of Capacity Building

Most international development agencies emphasize strengthening national capacity for self-reliant development. An important element in national capacity is the effectiveness of a country's institutions.³ Other factors also need to be considered in capacity building. This was debated at an International Forum on Capacity Building (IFCB) held in Brussels in May 1998. The significance of institutional strengthening was, however, also brought out in the debate.

The debate could not necessarily provide a singular meaning of capacity. However, the multidimensional and holistic meaning of capacity for Southern NGOs was clearly acknowledged. Merely focussing on individuals without reference to organizational dimensions was seen as inadequate. . .

. . . it was argued that donors, NNGOs and SNGOs should attempt to clarify and sharpen the meaning of capacity in their own specific contexts, policies and programmes.

From "Future capacity building of southern NGOs. IFCB Conference Proceedings, May 1996, p. 12.

For the past decade, PVC has focused on enhancing the capacity of U.S. PVOs and their local counterparts. PVC's Strategic Objective is *increased capacity of PVC's partners to achieve sustainable service delivery*. According to the PVC's strategic plan, the focus of this objective is on the "collective capability of the U.S. PVO community and the ability of this community to bring about sustainable service delivery overseas, whether through its own direct service efforts or through the work of its local NGO partners." As an intermediate result under this SO, PVC focuses on improved PVO operational and technical capacity. According to the strategic plan, "improvements in the operational and technical capacity of PVC's grantees are viewed as resulting from changes in PVO staff capacity and changes in their internal planning and administrative systems.

³ The United Nations Development Programme (UNDP), for example, describes its mandate as promoting self-reliance in developing countries in terms of the managerial, technical, administrative, and research capabilities required to formulate and implement development plans and policies (from a 9 May 1989 report of the UNDP Administrator to the Governing Council on the role of the UNDP in the 1990s). This report notes that the main objective of more than half of UNDP-supported assistance efforts is in some form of strengthening institutional capacity in developing countries. The World Bank, for its part, has reported a strong, positive association between the strengthening of indigenous organizations and the sustainability of project benefits (Paul, 1990).

2.2 USAID Support for PVO/NGO⁴ Capacity Building

USAID's Office of Private and Voluntary Cooperation (PVC) is the focal point for the Agency's partnership with U.S. Private Voluntary Organizations (PVOs). The emphasis of this partnership is supporting the capacity of PVOs and their field partners to implement effective and sustainable program delivery. PVC is unique in USAID in that its only SO focuses specifically on capacity building.

USAID engages in capacity-building activities directly or indirectly with a variety of development organizations. For PVC these include in particular, PVOs, local and international non-governmental organizations (NGOs), other civil society organizations, community-based membership organizations and organizations in the private sector.

Capacity building is a major element in the PVC strategic plan with emphasis on strengthening the organizational capacity of local partners, including NGOs, local businesses, and, in some cases, local government. USAID now looks to U.S. PVOs less for direct service delivery than as partners and facilitators of NGO-implemented activities.⁵ Both the Matching Grant and Child Survival programs of PVC now place special emphasis on strengthening partnerships between U.S. PVOs and indigenous NGOs and other local groups. Grant applications now require PVOs to have formal agreements with NGOs or other community-based organizations (CBOs) to design and implement sustainable projects.

The PVC Matching Grant program has the following specific objectives directly related to capacity building:

- to expand and strengthen the field programs of U.S. PVOs in order to increase prospects for sustainability and results in program areas that are consistent with USAID policies and priorities;
- to assist U.S. PVOs to further enhance their planning systems, management systems, and technical competencies to carry out development programs; and
- to build the capacity of local NGOs, governmental and community-based organizations, and/or for-profit enterprises through formalized partnership agreements with U.S. PVOs.

USAID uses a variety of techniques and funding mechanisms to support capacity building. For PVC, the most common methods are grant support to PVO capacity- building initiatives (for themselves and their NGO or community partners) and facilitation of PVO and NGO access to capacity-building training and technical assistance through support grants to selected providers of these services (for example, the Global Excellence in Management project and the Sustainable Development Services project). In this way, PVC strengthens both partner organizations and the

⁴ The terms PVO, NGO and CBO are used somewhat differently by different groups even within USAID. PVC uses NGO to designate partner organizations in host countries. Some field missions use PVO to designate both U. S. and host country groups. CBO is becoming more widely used because it includes groups that are not PVOs. This term seems preferred by national development professionals.

⁵ "USAID Support for NGO Capacity-Building," Office of Private and Voluntary Cooperation, USAID, July 1998.

infrastructure of capacity-building expertise and services available to the PVO community in general.

The end of the second millennium in human history has witnessed dramatic changes in the social, political and economic arrangements throughout the world. . . . These changes have been characterized by an emerging consensus towards:

- a. democratic, decentralized and accountable governance of our societies;
- b. enabling private enterprise and initiative to accelerate equitable economic development;
- c. recognition of the centrality of citizen participation and civil society in promoting social development.

From "Future capacity building of southern NGOs. IFCB Conference Proceedings, May 1996, p. 12

At a broader level some USAID programs in democracy and governance support dialogue and action in support of creating an enabling environment for NGO development. In recent years a new focus on institutionalization of local NGOs and developing exit strategies for donor support has focused attention to sustainability and the development of a self-reliant NGO sector as part of a free and vibrant civil society. The theme of the importance of CBOs in civil society development was heard throughout the current assessment process from various sources.

USAID is interested in institutional strengthening because of its vital concern for eventual program level

results (and the sustainability of those results) as measured by the quality and impact of services or products delivered by development organizations. A wide array of management and organizational literature, assessments performed for PVC and common sense all support the hypothesis that empowered and strengthened organizations will do a better job of achieving desired program results. In this assessment, therefore, the focus is on demonstrated change in organizational capacity, but, where possible, attention also is given to manifest results at the program level.

A part of USAID's initiative in the area of capacity building is support for the development of assessment tools to measure institutional capacity. The state-of-the art in measuring capacity has been solidly advanced through the GEM Initiative, the Sustainable Development Services Project (SDS), the Organizational Capacity Assessment tool (OCA), the Discussion-Oriented Self-Assessment methodology (DOSA), the Institutional Strength Assessment (ISA) of the Child Survival Program and other tools developed by PVC grantees working with their NGO partners. More importantly, the developers and users of these tools are advancing knowledge about using the assessment process itself as a springboard for a focus on organizational capacity and its enhancement through highly collaborative processes with their NGO partners. Impetus also was given in the mid-nineties by the New Partnership Initiative, but no funding was ever made available for this program.

PVC also supports various sector networks such as the Small Enterprise Education and Promotion (SEEP) and the Child Survival Collaborations and Resources (CORE) Group that

bring PVOs together to share best practices and other learning, including on subjects of institutional development and the monitoring and evaluation of organizational change.

With the World Bank, PVC is significantly involved in supporting the International Forum on Capacity Building to bring together donors, southern NGOs (SNGOs) and northern NGOs (NNGOs) in a research and discussion format. In 1998, PVC, the World Bank and the Institute for Development Research (IDR) provided financial support and resources to conduct a survey of northern donors. The purpose of this survey was to determine what northern donors are currently doing to strengthen SNGOs. Two parallel surveys were also commissioned of SNGOs and NNGOs to look at capacity building needs and programs. The results of the surveys and regional consultations provided the basis for an international forum held in Brussels in May 1998. These survey results also served as one data source for the current assessment. It should be noted that this assessment constitutes the first donor effort at doing a broad self-study of capacity building support. The lack of such studies was one issue brought up at the forum.

PVC also organized an Agency Resource Group for NGO Capacity Building to bring together persons from different bureaus of USAID that are interested in this issue. PVC thus plays a key emerging role within USAID as a focal point for innovative programs related to PVO and NGO institutional strengthening.

Activities in other parts of USAID also are adding a valuable experience base for understanding institutional development in the PVO/NGO community. For example, the Bureau for Europe and Eurasia has developed the NGO Sustainability Index and supported DemNet projects in several countries that focus on NGO networking and capacity. An innovative aspect of Bureau's work in the former Soviet Union is development of an "NGO Service Center" model.

The Democracy Center in the Global Bureau supports numerous activities with civil society organizations, especially in the area of capacity for advocacy. The Global Bureau's Office of Population, Health, and Nutrition (PHN) supports the Measure Evaluation project, which is working to develop indicators and guidelines to assess the results of capacity building interventions among PVOs in the health sector. The Environment Center supports activities that focus on community-level capacity building and support of civil society. The Global Bureau also supports the NGO Networks Project that will replicate the PROCOSI model. PROCOSI in Bolivia brought together groups of local NGOs and provided a funding base and mechanism whereby the NGOs themselves prepared, reviewed and gave funding to projects based on their own decision-making process. PROCOSI now has a debt-swap endowment.

There are, in addition, numerous Mission-level programs that include elements of capacity building for host country NGOs. Some of these, in Asia and Latin America have grown out of longstanding co-financing programs that helped fund the activities of U.S. PVOs and then local NGOs in country. There is growing interest, at this point, in helping to build management capacity, access to financial resources and the enabling environment for the sustainability of effective local NGOs no longer dependent on USAID resources. The Africa Bureau is working with InterAction on the Africa Liaison Project that is sponsoring a series of subregional symposia across Africa to examine the relationship between USAID and African NGOs. The aim of this project is to identify problems and issues in this relationship and look for ways to improve collaboration.

3. METHODOLOGY

3.1 Process of Assessment

The current assessment of PVO/NGO capacity building began with a team planning meeting (TPM) attended by the assessment team and representatives of the Private and Voluntary Cooperation Office (PVC). The scope of work (SOW) was reviewed during the TPM and is attached to this report. After the team planning meeting and an initial review of background documents, a framework for the assessment was prepared. The framework included a review of various approaches to capacity assessment, key questions to be answered, and suggestions for organizing data from the study, data collection methods and a list of PVOs to be contacted. This framework was reviewed by PVC and revised based on discussions with the assessment team.

Discussions were also held with PVC and evaluation teams involved in other studies of components of PVC's overall program. The current assessment incorporates findings from those studies as part of the formulation of recommendations. A midterm report was prepared and used as a basis for discussion with PVC. Some reorientation of ideas was incorporated into the later stages of the assessment based on the midterm discussions.

A combination of quantitative and qualitative information including subjective ideas from interview respondents was used to address the key questions for the study. The following section gives a more complete description of data sources.

3.2 Sources of Information

Since the scope of this assessment extends over a ten-year period of time and a USAID global international development context, numerous sources of information are used in an attempt to answer key questions about PVC's capacity building efforts. These include survey data, document review, interviews and USAID's R4 data set. In addition to interviews done as part of this assessment, key informants from the SDS and GEM evaluations were asked more general questions related to capacity building as part of those efforts. Those responses were factored in to this report.

The assessment is not a rigorous research study, but an interview and document based analysis. Survey data are used to illustrate points, not as a sole basis for conclusions and recommendations.

A survey questionnaire was prepared and emailed by PVC to current Matching Grant recipients, with responses coming to the Assessment Team. The questionnaire was sent to 19 MG recipients. The sample did not include microenterprise and Child Survival grants because separate assessments were in process for those groups. Five questions from the capacity building questionnaire were included in the survey being done with recipients of microenterprise matching grants, so for those limited questions, the data are comparable. The responses to these questions were also sent to the Assessment Team. Since the initial response rate from the non-microenterprise Matching Grant recipients was low, a second request was sent to members of that group who did not respond to the first request. Eight responses were received to the MG capacity building questionnaire and 7 to the five questions from the microenterprise survey.

The draft reports from the microenterprise (n=13), CorCom (n=12) and Child Survival (n=18) studies were a source of information for this assessment. The microenterprise (SEEP network) surveys were sent to current microenterprise MG recipients. Thirteen of the grantees responded. The total SEEP network is composed of 49 members. In the CorCom study, the consultant interviewed 12 organizations through their CorCom members and one individual. The Child Survival Grants Program Review examined final evaluation documents from 18 Child Survival Grant projects finishing in 1998 and 1999. Non of the samples were random samples.

The current assessment also looked at an analysis of a selected set of DOSA items for the PVC R4 of 2000. This cohort was eight organizations.

Several subcategories of information are included in each data category. Each contributes to the analyses and discussion presented in the body of this report to respond to the key questions identified for the study. Table 3.1 gives detailed information about data sources in each category.

Table 3.1. Data sources used in capacity building assessment

SURVEY DATA	INTERVIEWS
<ul style="list-style-type: none"> • PVC mission survey about CB (n = 39) • PVC IR3 survey (n = 24 MG) • Capacity building survey of PVOs (n = 8) • Survey of PVC network members <ul style="list-style-type: none"> • CorCom (n= 12) • CORE (n = 18) • SEEP (n = 13) • International Forum surveys <ul style="list-style-type: none"> • Southern NGOs • Northern NGOs • Donors • March 00 DDSA Analysis 2000 (n = 8) <p style="text-align: center;">DOCUMENT REVIEW</p> <ul style="list-style-type: none"> • PVC strategic plan/R4 • Evaluations <ul style="list-style-type: none"> • GEM • SDS • CARE • TechnoServe • ADRA • IIRR • The Mountain Institute • Save the Children • CRWRS • CRS • World Vision • Pact • CORE • CorCom • Project Concern International • Annual Reports • DIPS • Matching Grant RFAs • Matching Grant Proposals • DIPs • Grantee Reports • Other—See List of References 	<ul style="list-style-type: none"> • USAID <ul style="list-style-type: none"> • BHR/PVC Program Officers • Other BHR Staff • USAID PVO Agency Working Group • Other USAID Bureau Staff • USAID Staff formerly involved with PVC PVO Capacity Building • USAID Field Mission Staff in Indonesia and Peru • Representatives of U.S.-based PVOs with Matching Grants • Representatives of U.S.-based PVOs with Cooperative Agreements to Support or Assess Capacity Building • Others members of the U. S. PVO Community • Representatives of U. S. PVOs in Indonesia and Peru (most are MG recipients) • Representatives of Local NGOs in Indonesia and Peru • Other members of the Local Development Community in Indonesia and Peru • Members of other capacity building evaluation teams • Consultants and other experts in the field <p style="text-align: center;">R4 DATASET</p> <ul style="list-style-type: none"> • Strategic Objectives • Intermediate Results Statements • Indicators • Comments <p style="text-align: center;">OTHER</p> <p>PVC FY 2000 R4 Grant Evaluation Score Sheet</p>

3.3 Analysis of Information

Each type of data source shown in Table 3.1 was used to address each type of question described earlier. Survey data were tabulated as possible to look for patterns in responses or to compile distributions and percentages. (The capacity building survey questionnaire designed specifically for this study is in Appendix B.) Because of the low number of respondents in some cases, some percentages are minimally helpful. No other statistical analysis was done because data do not meet the assumptions necessary to perform those computations.

Included in the surveys is a synthesis of consultations and surveys done by the International Working Group on Capacity-Building of Southern NGOs in preparation for a May 1998 conference in Brussels. The consultations and surveys concentrated on the perceived need for capacity building support and compares responses from Southern NGOs by region, Northern NGOs and the donor community. This work was supported by the European Commission, the International Institute for Rural Reconstruction (IIRR), the United States Agency for International Development, Office of Private and Voluntary Cooperation (USAID/PVC), the World Bank, the NGO Working Group on the World Bank and NOVIB.

In order to compare what USAID is actually doing in terms of PVO/NGO capacity building with the frameworks for assessment and stakeholders priorities discussed above, several data runs were completed using the USAID database of R4 information from operating units (OPUs) worldwide. Because of the structure of the database, actual statistical analysis possibilities are limited. Therefore a word search of the database was done using the following key words

- Capacity building
- Local organizations
- NGOs
- Institutions
- Training

The word search used data records from all USAID OPUs strategic objectives (SOs), intermediate results statements (IRs), indicators and any comments related to the strategic objective. When any of the keywords appeared in the data record, the record was included in the data file. The data file was then reviewed manually to select those records that specifically included PVO/NGO capacity building activities.

An SO was counted as including capacity building if such activities were included in the SO, IR, indicator or comments of the data record. Participant training and information technology SOs were not included in the tabulation unless they also included specific NGO capacity building. For example, a SO that focused only on training teachers would not be included, but a SO that focused on improving NGO support for education was included. A SO that focused on increasing health services through NGOs was not included, but a SO that focused on improving NGO capabilities to provide health services was included. Only one capacity building SO was counted per data record.

The results of the analysis do not present a totally accurate picture of NGO capacity building because it is possible and probable that USAID is doing some capacity building activities where none of the key words would show up in a word search of the R4 database. Also for the 1997

R4s, reporting guidance permitted OPU's to report only on their best results, so not all SOs were included in the R4. However, even with the severe limitations of the data set, it does provide a source of information that includes almost all USAID operating units worldwide. The categories describing types of capacity building were developed from the data records. In order to expand on the picture from the R4 data set, the survey data from PVC's mission survey was crosschecked with the R4 data. This added a few missions to the list of units with capacity building activities.

Evaluation documents were reviewed and the evaluators looked for patterns in the findings that might help address the questions related to impact of capacity building and of PVO programs. These data were treated as anecdotal because again, assumptions for statistical analysis could not be met. The documents were also assessed to try to identify trends in the types of programs that were proposed and/or supported. Annual reports were a source of information about progress toward objectives.

Information from the numerous interviews was used to guide thinking, to add to data about types of capacity building and priorities and to provide examples of impact and program success or constraints. As indicated in Table 3.1, interviews were held with USAID staff here and abroad, PVO and NGO representatives here and abroad and persons working on capacity building issues for USAID and other groups.

At the beginning of the assessment process the team hoped that it would be possible to compile information into a data table similar to the table categorizing types of institutional capacity. This did not turn out to be workable because necessary information was not consistently available across grants. Therefore that information is presented in chapter six of this report under each of the categories of institutional capacity.

4. FRAMEWORKS FOR ASSESSING THE INSTITUTIONAL CAPACITY OF PVOS AND NGOS

Numerous frameworks for describing or assessing the institutional capacity of development organizations are in development and use. Several, tailored for use with private voluntary organizations (PVOs) and local non-governmental organizations (NGOs), have been developed under USAID auspices by contractors and PVOs themselves⁶. This is a timely emphasis. Past history in measuring institutional capacity in the development arena reflects real conceptual and practical limitations.

Fortunately there is a great deal of similarity in these new frameworks, reflecting the fact that there is a well-developed emerging consensus on the attributes that make for effective and sustainable institutions. Where frameworks differ is in emphasis, semantics, and in the way certain attributes are defined or clustered. "Governance," for example, can refer to the relatively narrow issue of an organization's legal (governing) structure or it can be a category encompassing the organization's culture, mission and values. "Management" can be used to refer rather narrowly to management systems and procedures or be used in the much broader sense of strategy and leadership. "Strategic Management" can include factors of governance and a sense of vision or mission.

There is no right or wrong way to use these or any of the concepts used to define institutional attributes. But since there is common ground on the key attributes, despite some variation in how terms are used, it is useful to illustrate the array of institutional attributes as defined under several current frameworks (see Table 4.1).

This summary does not do justice to the richness of these frameworks, most of which provide sub-categories and/or indicators to give substance and meaning to the attributes. Another point worth noting is that many of these frameworks come with highly participatory suggestions as to how they are to be used. That is, the purpose often is not simply to judge an organization's capacity but rather to provide a learning tool for institutional self-understanding and a launching pad for capacity enhancement. In this approach, assessment teams play a facilitating role and participants rather than external assessors take the lead in determining the relative capacity of their own organization.

Most frameworks use perception scales or indices as the measuring device along various continuums of organizational development (usually tied to a specific organizational unit of analysis). This enables some quantification of results in a relative, if not absolute, sense. Typically capacity is assessed along each measurement dimension using a numeric scale from, say, one to five. This permits calculation of both category and comprehensive "scores" and these scores can be benchmarked and compared over time or between organizations. The theory behind the use of scales or indexes attached to well-defined categories and indicators is that much of the impact of subjectivity is removed from the process.

⁶ Each of the tools and methodologies mentioned in this section was directly funded by USAID except "ISR" and "Fisher", which were informed in part by analysis of USAID-supported activities.

At the same time, collaborative discussion around index scores creates opportunity for valuable processes of consensus building and shared learning among assessment team members. This is true whether the team is from a single organization or a group of partner organizations. Discussion around assessment scores can be a valuable first step in defining and building commitment to new capacity building agendas. Some formats combine a process focus with pre-discussion research by an assessment team.

4.1 Common Categories of Institutional Capacity

A set of common categories of institutional capacity is offered here as a basis for discussion of USAID success in supporting capacity improvements among its PVO and NGO partners (and, by extension, their partners).

The matrix in table 4.1 provides a comparative look at several exemplary institutional assessment frameworks and offers a composite set of attributes drawn from these examples. That composite set includes eleven attributes organized into three clusters as follows:

<i>Institutional Resources</i>	<i>Institutional Performance</i>	<i>Institutional Sustainability</i>
Legal structure and governance	Program results	Organizational autonomy
Human resources	Networking and external relations	Leadership
Management systems and practices	Application of technical knowledge	Organizational learning
Financial resources	Constituency empowerment	

Institutional resources represents the attributes an organization possesses or controls and consists of its basic legal structure, assured access to human, financial, technical, and other resources, and its management systems and structure, including performance management systems.

Institutional performance measures an institution's program, services, or other impacts as a result of how effectively it employs its institutional and technical resources. For PVOs and NGOs, external relations and the empowerment of civil society are frequently key intended outcomes. Institutional performance assesses both efficiency and effectiveness at a point in time.

Institutional Sustainability incorporates more forward-looking attributes such as organizational autonomy, leadership, and learning capacity which, in turn, help ensure sustainability and self-reliance in the future.

4.2 Institutional Capacity Models

The authors have determined these composite clusters and the organization of the characteristics of the selected models into the particular clusters of the matrix. References and additional information on the institutional capacity models compared in the matrix are as follows:

- "ISR" (Institutional Self Reliance) is based on "Institutional Self Reliance: A Framework for Assessment" by Jerry VanSant (Center for International Development Working Paper, Research Triangle Institute, 1991). In this framework, originally prepared for the UNDP, assessment categories are clustered by *Institutional Formation* (institutional stock, human resources,

financial resources), *Institutional Function* (management, environmental mastery, program delivery) and *Institutional Condition* (Character, Leadership). Each assessment category is further defined by a set of indicators measuring the related attributes. The concept of “institutional stock” in this framework refers to the physical, technical, and structural resources possessed by, controlled by, or otherwise available to the institution. These resources, along with human and financial resources, comprise the systemic assets of an organization that are then converted into functional outputs and impact.

- “OCAT” is based on “Organizational Assessment Capacity Tool: A Handbook on Participatory Monitoring and Evaluation” (PACT, 1996). The seven characteristics in table 4.1 matrix represent clusters in the OCAT framework within which there are the following subheadings: Governance (Board, Mission/Goal, Constituency, Leadership, Legal Status); *Management Practices* (Organizational Structure, Information Systems, Administrative Procedures, Personnel, Planning, Program Development, Program Reporting); *Human Resources* (Human Resources Development, Staff Roles, Work Organization, Diversity Issues, Supervisory Practices, Salary and Benefits); *Financial Resources* (Accounting, Budgeting, Financial/Inventory controls, Financial Reporting); *Service Delivery* (Sectoral Expertise, Constituency Ownership, Impact Assessment), *External Relations* (Constituency Relations, Inter-NGO Collaboration, Government Collaboration, Donor Collaboration, Public Relations, Local Resources, Media); *Sustainability* (Program/Benefit Sustainability, Organizational Sustainability, Financial Sustainability, Resource Base Sustainability). OCAT categorizes NGOs into four distinct stages of development according to their competence in the seven OCAT components of organizational effectiveness. OCAT defines these stages as nascent, emerging, expanding, and mature. An NGO is not necessarily at the same stage of development on all the components.

- “DOSA” is based on “New Directions in Organizational Capacity Building” (1998 DOSA Workshop Report, PACT and EDC, 1998). DOSA was designed to be used by a PVO’s own “capacity team” working alongside a trained facilitator. The assessment process itself should model the organizational change it is designed to promote. Uniquely in DOSA, assessment is keyed to group discussion of “critical incidents that are “closely connected to the organization’s ability to promote significant and lasting change.” DOSA provides two kinds of measures: a capacity score (perceptions of strengths and weaknesses) and a consensus score (degree of agreement among assessment team). There is no clustering in the DOSA framework but the six “capacity areas” in the DOSA framework each serves as a category for a number of related attributes that are the basis for measurement. Its creators see DOSA as a “process tool” for capacity building, not a static assessment tool. It can be “redesigned” each time by the particular community using it; that is, the categories are guidelines, not fixed parameters.

- “TTAP” is based on “Training and Technical Assistance Plan” (Counterpart International, 1999). TTAP is a process-oriented approach in which each capacity component is used as the basis for a participatory workshop session. The six components in the TTAP framework and their related subheadings are *Financial Sustainability* (Funding Sources, Fundraising, Financial Management); *Governance* (Mission/Objectives, Governing Body/Board, Process of Decision Making); *Products and Services* (Customers, Feedback, Product Promotion); *Human Resources* (Staff, Members, Volunteers); *Management* (Administration, Information Systems, Reporting);

Interaction with the Environment (Public Relations, Business Relations, Mass Media). For each of these, TTAP provides indicators representing “productive activity” and “needs urgent attention” as a basis for discussion.

- “ISA” is the “Institutional Strength Assessment” Methodology developed under the USAID/PVC-supported Child Survival Technical Support Project (CSTS) implemented by Macro International, Inc. ISA is itself a compilation of common areas of institutional capacity based on a review of sixteen instruments developed in the 1995-1999 period (including DOSA, OCAT, and OCI). In its present form (defined as a “first cut”) ISA reduces 55 separate capacity areas defined by these 16 tools into eight general capacity areas. A particular feature of ISA is its identification of “use and management of technical knowledge and skills” as a category separate from management skills of human resources. This seems appropriate for service delivery organizations (health services in the case of the organizations for which ISA is being developed). ISA is being designed to support participatory self-assessment that CSTS has determined is preferred by most NGO to external assessment of institutional capacity.
- “IDF” refers to the Institutional Development Framework developed by Management Systems International (MSI). It is part of a broader toolkit that also includes an Institutional Development Profile (a graphic representation of an organization’s rank on each assessment component) and an Institutional Development Calculation sheet (a table format for tracking progress on each component). Together these are designed to help an organization determine where it stands on a variety of organizational components, identify priority areas of improvement, set targets, and measure progress over time. IDF identifies five capacity areas, largely focused on organizational resources. These include Oversight/Vision (board, mission, autonomy, Management Resources, Human Resources, Financial Resources, and External Resources (ability to work with communities, government, other NGOs).
- “OCI” is the “Organizational Capacity Indicator” scale of the Christian Reformed World Relief Committee (CRWRC) drawn from “Partnering to Build and Measure Organizational Capacity” (CRWRC, 1997). This publication, described as an inquiry into partnership and organizational capacity building by CRWRC and over 100 NGO partners (assisted by the Weatherhead School of Management at Case Western Reserve University under the USAID-supported GEM project), presents four similar frameworks developed by CWRWC partners in East Africa, West Africa, Latin America, and Asia. OCI is a composite tool developed by CRWRC. It is not intended as a standardized methodology but rather a framework within which an organization can create its own capacity monitoring tool through a process of sharing experiences related to each component of capacity. The objective is for each organization to be able to measure itself against its own vision for the future. There is no clustering in the OCI framework. CRWRC, however, offers a separate set of attributes of effective partnership: practice appreciation, contextualize everything, think organically, emphasize learning, and create systems for mutual accountability.
- “Fisher” is based on Non governments: NGOs and the Political Development of the Third world, by Julie Fisher (Kumarian Press, 1997). The attributes noted in the matrix are not presented as an organizational capacity framework as such. Rather they are described as the keys to organizational autonomy which Ms. Fisher believes is the most important attribute for

NGOs to be effective in their local context. Because Fisher's study is probably the most rigorously research-based of any of the capacity frameworks discussed here, it is worth including. Several attributes are unique to her presentation such as an organization's basic commitment to autonomy, its ability to use research-based social and managerial knowledge to undergird policy advocacy, and its field-based experience training government workers (particularly relevant to developing policy influence).

Also worthy of note is the "NGO Sustainability Index" developed by the Office of Democracy and Governance of USAID's Bureau for Europe and Eurasia. This index differs from the organizational assessment tools above in two major respects. First, it measures the *collective* strength of the NGO sector in a country or region. Second, it measures not only organizational attributes but also recognizes the importance of factors in the environment that affect NGO development and sustainability. Factors in the NGO Sustainability Index include:

- The Legal Environment
- Organizational Capacity
- Financial Viability
- The Political and Advocacy Environment
- NGO Public Image
- Service Provision Effectiveness
- Sectoral Infrastructure (including access to intermediary support organizations).

Another instructive activity is the Democracy Network Project (DemNet) in Poland. This activity was implemented by the Academy for Educational Development under a Cooperative Agreement from USAID. The goal of this program was to develop a new generation of sustainable public advocacy NGOs active in various sectors and capable of participating in local governance. The program set objectives and measured results in six "legacy" areas including organizational and financial sustainability, public policy impact, NGO support networks, permanent mechanisms for civic participation, heightened public awareness of NGO roles in civic society, and the development of a sustainable successor organization (to continue the grant-making and support role of the project). Among DemNet's contributions is a relatively rigorous attempt to measure results in the legacy areas, including development of an "Institutional Development Tool" to track an NGO's stage of development in four areas: management, financial management, external relations, and program/service delivery.

Experience with these tools and methodologies raises questions of trade-offs in their use. A standardized tool, applied consistently over time or across organizations for comparative purposes, provides a valuable benchmarking and evaluation tool. A tool intended for local adaptation and conceptualization in a participatory process keyed to a local NGO's own mission and strategic objectives provides a useful learning and planning device but may lose some relevance for assessment.

Finding balance between these extremes with a mix of common elements and contextual tailoring may be the most fruitful avenue for future development.

Table 4.1. Attributes of Institutional Capacity Identified in Assessment Models

Composite Attributes ⁷	Institutional Self-reliance	OCAT	DOSA	TTAP	ISA	IDF	OCI	Fisher
Institutional Resources								
Legal Structure and Governance	Institutional stock	Governance						
Human Resources	Human resources	Human resources	Human resource management	Human resources	Human resource management	Human resources	Teamwork	Technical expertise
Management Systems and Practices	Management	Management practices		Management	Management practices	Management resources	Management	Social and managerial knowledge
Financial Resources	Financial resources	Financial resources	Financial resource management	Financial sustainability	Financial resource management	Financial resources		Financial diversification
Institutional Performance								
Program Results	Program delivery	Service delivery	Service delivery	Products and services			Results attainment	Field training experience
Networking and External Relations	Environmental mastery	External relations	External relations	Interaction with the environment		External resources	Networking Communication	Mass base
Application of Technical Knowledge					Use and management of technical knowledge			
Constituency Empowerment							Empowerment	
Institutional Sustainability								
Organizational Autonomy	Institutional condition	Sustainability		Governance	Sustainability	Oversight/ vision	Spirituality and faith	
Leadership	Leadership		Strategic management		Strategic management		Transformational leadership	Organizational commitment
Organizational Learning			Organizational learning		Organizational learning		Community and culture	Strategic knowledge

⁷ The authors determined these composite clusters and the organization of the characteristics of all the models into these clusters in the matrix.

5. CAPACITY BUILDING NEEDS AND PRIORITIES

5.1. Capacity Building needs as reported by the International Working Group on Capacity Building

In October 1996 Southern NGOs involved in the World Bank NGO Working Group proposed an interagency working group on capacity building. USAID/PVC collaborated with the World Bank in a survey of northern donor experiences with Southern NGO capacity building. Surveys and consultations with Northern NGOs, donors and Southern NGOs from Latin America and the Caribbean, Africa and the Asia Pacific Region were completed between July 1997 and April 1998. Included were 350 Southern NGOs, 100 Northern NGOs from Europe and the Pacific Region and 20 foundations and bilateral and multilateral donors.

The focus of these consultations and surveys was to identify capacity building priorities as perceived by each of the stakeholder groups. The following table 5.1 compares the donor perspective, Southern NGOs (SNGOs) responses about priorities, trends in donor efforts and donor constraints in fulfilling their objectives⁸.

Table 5.1. Perspectives of NGO capacity building stakeholders

Donor's perspectives on priority needs	SNGO's perspectives on unmet needs	Trends in donor efforts	Donor constraints
Cross sectoral collaboration	Resource mobilization	Resource mobilization and financial sustainability	Reduced donor budgets and staff
Program design	Policy research and advocacy	Improving government/SNGO relationships	Low support for NGO capacity building in some units
Policy research	Better negotiation skills	Partnering, coalitions and networking	NGO strengthening is long term and staff intensive
Gender awareness	Better partnering skills and ability	Intersectoral partnerships	Some multilateral groups lack mandate to work directly with SNGOs
Networking	Improved organizational and financial management	Accountability to local SNGO constituencies	

It is interesting to note that the trend in donor efforts match quite well with the SNGOs list of unmet needs, with a strong focus in both columns for partnering skills and networking. The donor list of priority needs also includes basic program design skills and gender awareness. When the SNGO responses are examined in more detail as shown in table 5.2, some interesting regional differences appear. South Asia expressed leadership development as one of their highest priorities, as did South and East Africa.

⁸ "Future capacity building of Southern NGOs", prepared by the Society for Participatory Research in Asia, May 1998.

Planning and strategic management is highly ranked by all regions, but not ranked as a high priority among Northern NGOs. Only the Horn of Africa and Latin America Regions rank monitoring and evaluation as a high priority. Northern NGOs and donors rank this as among their top three priorities, however. Resources are ranked as a high priority by all regions except Southeast Asia, with some differences in type. Donors rank local resource mobilization as very high priority. Policy issues and/or networking show up as important for all regions. The differences and similarities among stakeholder's perceptions shown in the table provide important data for consideration in designing future capacity building efforts.

The surveys and consultations provided information for an International Conference on NGO capacity building held in Brussels in May 1998. During the Brussels Conference, deliberations generated a significant consensus on the priority needs for future capacity building needs of SNGOs as follows:

- Leadership development
- Policy research and advocacy
- Information access, use and dissemination
- Building alliances, coalitions, networks, north-south partnerships and intersectoral partnerships
- Financial sustainability

The above consensus on capacity building needs will be used in the comparison with attributes identified in the various frameworks discussed in the previous section and USAID's current NGO capacity building efforts to be described in the following section.

Table 5.2. Future capacity-building priorities for stakeholders⁹

Capacity (xx = top 3 priorities x = top 10 priorities)	Southern NGOs					Northern NGOs	Donors
	South Asia	South-east Asia	South & East Africa	Horn of Africa	Latin America		
Individual							
Leadership development	xx		xx				x
Staff development		x		xx	x		
Gender sensitivity			xx			x	x
Organizational							
Planning and strategic management	xx	x	xx	xx	x		x
Organizational renewal and development	x	x			xx	x	x
Project program design and management	x	x	x	xx		x	
Monitoring and evaluation				x	xx	xx	xx
Financial systems		x		xx			
Information access, storage, dissemination	x		xx			x	x
Research, documenting and perspective-building					x		
Resources							
Fundraising	x		x		xx		
Local resource mobilization	x		x	x		x	xx
Core funding for NGOs				xx			
External relations							
Policy research, analysis and advocacy	xx	x		x	x	xx	x
Network with other NGOs		x	x	x	x	xx	x*
Networking with civil society organizations			x	x		x	
Network with northern NGOs							
Collaboration with governments		x	x		x		xx*
Collaboration with business					x	—	
Clarifying NGO role and identities		x		x			—
Improving governance and accountability		x					—
Strengthening public support						x	—
Improving relations with donor agencies							—

* Items combined in donor questionnaire as “networking”

** Items combined in donor questionnaire as “intersectoral collaboration”

-- Items not included in the Northern NGO or donor questionnaires

⁹ Adapted from “A synthesis of consultation and surveys.” International Working Group on Capacity Building, May 1998.

5.2. USAID's worldwide support for PVO/NGO capacity building

Two sources of information were used to examine what USAID is actually doing in terms of PVO/NGO capacity building. As discussed in the methodology section, several data runs were completed using the USAID database of R4 information from operating units (OPUs) worldwide. A word search of the database was done using the following key words:

- Capacity building
- Local organizations
- NGOs
- Institutions
- Training

In addition, responses to a PVC mission survey about capacity building were crosschecked with the R4 data to enhance the picture of what USAID supports. This resulted in adding a few OPUs to the total identified through the R4 word search. It should be noted, however, that this is still not complete and accurate data on USAID's capacity building.

The following two tables summarize the results of the R4 database analysis. First, table 5.3 shows the distribution of NGO capacity building SOs by USAID bureau by type of capacity building. Second, table 5.4 shows the distribution by USAID goal area by type of capacity building.¹⁰

Table 5.3. NGO capacity building programs by USAID Bureau

USAID Bureau (does not include Mgt. Bureau)	Africa	Asia/ Near East	Europe and Eurasia	Global Bureau	Latin America and the Carib- bean	Other*	Total
Total number of operating units (reporting FY 98 R4s)	30	15	22	7	18	4	95
Number of OPUs with CB SOs	17	8	16	6	12	3	62
Percentage of OPUs with CB SOS	57%	53%	73%	86%	67%	75%	65%
Type of capacity building activity							
NGO technical capacity	12	7	9	4	11	0	42
NGO sustainability	2	1	5	0	3	0	11
NGO Regional training capacity	2	0	0	0	0	0	2
NGO institutional capacity	3	3	9	3	3	3	24
NGO monitoring and evaluation	0	0	0	0	1	0	1

* BHR, Office of Humanitarian Assistance, Peace Corp Small Project Assistance, and the Office of Private and Voluntary Assistance

¹⁰ A summary table showing all OPUs with capacity building SOs by type of capacity building is attached in Appendix III.

Table 5.4. NGO capacity building programs by USAID Goal Area*

Type of capacity building	DG	EGAD	ENV	HA	HCD	PHN
NGO technical capacity	19	12	14	4	8	15
NGO sustainability	5	1	1	1	11	5
NGO Regional training capacity	1	1	0	0	0	1
NGO institutional capacity	19	7	5	6	3	4
NGO monitoring and evaluation	0	0	0	0	0	1

* NOTE: Goal Area totals are not given because many strategic objectives are coded to more than one goal area.

Sixty-five percent of all USAID operating units report some type of NGO capacity building support, either as a separate strategic objective or as part of the activities under a strategic objective. The Democracy and Governance Goal Area has the highest number due to extensive work with local organizations on civil society issues. All regions and goal areas are working with NGOs to support their technical capacity building and institutional capacity building. Many OPUs are working with both types of capacity building under the same strategic objective.

Specific capacity building in monitoring and evaluation is reported only under the PVC PVO/NGO capacity building SO. It is likely, however, that some of the activities reported as supporting technical capacity and institutional capacity do support monitoring and evaluation. It is also likely that the figures in table 5.3 under represent USAID's capacity building support because those SOs that focuses on "institution building" but did not specifically mention PVOs or NGOs were not included in the tabulation. Overall, it is clear that NGO capacity building is an important component of USAID programs worldwide.

When the responses to PVC's mission survey are compared to the R4 data in the above tables, there are minor increases. One more LAC mission has an SO that supports technical capacity and sustainability, which brings that number to 13 and increases the LAC percentage to 72 percent and the total percentage from 65 to 66. There are also four additional missions that report in PVC's survey that capacity building is a cross cutting approach for all their SOs.

5.3. Comparison of perspectives on PVO/NGO capacity building

Based on the three perspectives on PVO/NGO capacity building just presented, table 5.6 was prepared to compare the results of the summaries. Obviously the standardized frameworks have more categories than the other two perspectives. The two categories that show up in all three perspectives are related to internal systems and the need for financial sustainability. Even though monitoring and evaluation (M&E) was included in the organizational capacity items in the Brussels Conference survey, it was not ranked highly by southern NGOs and did not show up in the consensus list used in table 5.6. It is also only specifically included in one (LAC) USAID program.

Table 5.6. A comparison of stakeholder's perspectives on PVO/NGO capacity building

Frameworks for assessing capacity	Capacity building priorities	USAID support for capacity building
Legal structure & governance		
Human resources		
Management systems and practices	Information access, use and dissemination	<ul style="list-style-type: none"> • Institutional capacity • Monitoring and evaluation
Financial resources	Financial sustainability	Sustainability
Program results		<ul style="list-style-type: none"> • Regional training capacity
Networking and external relations	Building alliances, coalitions, networks, north-south partnerships and intersectoral partnerships	
Application of technical knowledge		<ul style="list-style-type: none"> • Technical capacity
Constituency empowerment		
Leadership	Leadership development	
Organizational learning	Policy research and advocacy	

In considering the future direction for PVC capacity building support, it will be important to focus specifically on the difference between assessing capacity and measuring results. If monitoring and evaluation is an important capacity from PVC's perspective, it will be necessary to provide support for M&E and also to work with partners to help design M&E systems that will provide decision making and program information as well as serve to meet reporting requirements. PVC can advance the state-of-the-art of organizational capacity assessment by working with partner PVOs to monitor program and capacity in parallel, with an explicit effort to study the relationship between organizational strength and program results.

The clear emphasis on financial sustainability with all three perspectives indicates that PVC should consider how to best facilitate sustainability of programs and organizations through future efforts.

6. THE IMPACT OF PVC MATCHING GRANT-SUPPORTED INSTITUTIONAL CAPACITY BUILDING

Based on the recent GEM and SDS evaluations, other ongoing assessments of PVC-sponsored activities and networks, and information gathered from this study, including field visits to Peru and Indonesia, this section of the report summarizes findings regarding the impact of PVC-supported capacity building activities.

Measuring the impact of capacity building is, at best, an uncertain science. Ideally one could measure (and compare to some baseline data) actual changes in capacity, the impact of capacity improvements on programs, and based on the above, the comparative cost effectiveness of different approaches to building capacity.

The reality, however, is that little such measurement is going on and so an evaluator typically finds neither baseline data nor any longitudinal tracking data on which to base judgements about either capacity changes or their impact. Lacking these data, it is virtually impossible to measure effectiveness, let alone cost effectiveness.¹¹

The two most common models for assessing cost effectiveness are displayed below. Both types of assessment, whether comparing programs within one PVO or among several PVOs, require some type of baseline measure and some type of impact measure. These do not now exist with enough consistency to make a cost effectiveness analysis defensible for the present assessment, even from a fairly subjective perspective.

Figure 6.1. Models for assessing cost effectiveness of capacity building interventions

Comparing programs within a single PVO

Time 1		Time 2	
PVO A	Program A1 baseline	Capacity Building Intervention	Program A1 impact measure
	Program A2 baseline	Capacity Building Intervention	Program A2 impact measure
	Program A3 baseline	No intervention	Program A3 impact measure

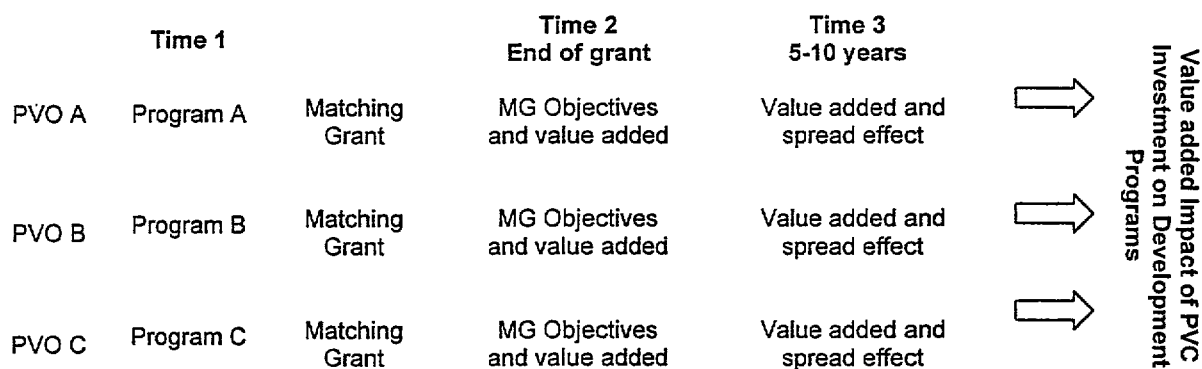
¹¹ The evaluators noted several early attempts at longitudinal tracking of organizational capacity. The DOSA methodology, supported by PVC for assistance with R4 reporting, is maintaining longitudinal data on DOSA scores for a few selected PVOs. However, this tracking is not related to any specific organizational interventions. In USAID/Jakarta, the Office of Environment and Natural Resources Management is tracking organizational capacity using the IDF assessment framework and using these data for R4 reporting on an indicator measuring the percentage of supported NGOs achieving a target score. This indicator has now been tracked for two years. IIRR in Africa is using the OCA method for tracking institutional change and Pact/Peru will use OCA for the same purpose starting with its next training cycle. These initiatives will provide an important learning opportunity regarding the feasibility and utility of longitudinal tracking of organizational capacity.

Comparing programs between several PVOs

	Time 1		Time 2
PVO A	Program A1 baseline	Capacity Building Intervention	Program A1 impact measure
PVO B	Program B1 baseline	Capacity Building Intervention	Program B1 impact measure
PVO C	Program C1 baseline	Capacity Building Intervention	Program C1 impact measure

Given the severe data limitations for a cost effectiveness model as an approach to assessing the impact of PVC's investment in PVO/NGO capacity building, a "value added" model may portray a more realistic picture of the significant impact of the influence PVC has had on development programs through its matching grants and other efforts. (See figure 6.2) When asked, "What has PVC's support meant for your organization?" many of the PVOs interviewed gave extensive examples of how approaches or models that were started under a matching grant have evolved into a major influence for development programs. In some instances, this influence has had a regional or global impact. In many cases it has enabled PVOs to do innovative things they could have done in no other way. It is very clear that because annual reports and evaluations focus specifically on programmatic grant objectives, the depth and breadth of this wider influence is often not captured.

Figure 6.2. A value added assessment of PVC's capacity building investment



In Peru for example, several PVOs have used their PVC matching grant support to develop, refine and apply their partnership models by working with national and local organizations, including central and municipal governments and the private sector. They have been part of the evolution of strategic development plans for various communities in health, micro enterprise, agriculture and environment, depending on their own sectoral expertise. Each of these PVOs credits support from PVC with giving them the opportunity and flexibility needed to build partnerships. Most of the local PVOs that have received capacity building as part of the USAID Lima PVO Support Project benefited from models first developed by Pact as part of a PVC Matching Grant.

This is illustrated in more detailed example in the following text box. This shows how PVC Matching Grant funds and funds from a USAID/Lima PVO Support Project led to much wider use of MG developed approaches and tools. This is currently leading to multiple impacts on the process of local development planning in Peru and in the Latin American Region.

Pact/Peru—Program Approach to Capacity Building		
Matching Grant	USAID Peru PVO Support Project	
	Capacity Building (CB)	Small Grants Program
Partnership Program <ul style="list-style-type: none"> Helped form partnerships between key national NGOs 	<ul style="list-style-type: none"> Idea of private sector linkages influences training General emphasis on partnership approach for strategic planning in development 	<ul style="list-style-type: none"> Grant to form consortium of NGOs resulted in consortium now receiving funding from mining industry
Organizational Capacity Assessment (OCA) <ul style="list-style-type: none"> OCA tool developed with PVC Matching Grant funding Concept of OCA is appealing to local organizations working on partnership issues 	<ul style="list-style-type: none"> OCA now part of training package German Volunteer Development Organization sending someone to OCA Because of CB experience, CARE contracted for 4 consultancies—3 on M&E and one on adult training Because of OCA and CB experience, IIRR in Ecuador interested in OCA training in Ecuador OCA conducted training planned for USAID/IDB sponsored NGOs in Paraguay Requests for further training from early clients because they are facing new challenges (NGOs have developed the perspective of 	

In Indonesia, over half of USAID mission resources are directed to or through PVOs and NGOs in the form of over 100 grants for training, technical assistance, and provision of basic supplies and equipment. Strengthening NGOs is a crosscutting theme across all six strategic objectives of mission programming. Several of the PVOs (and their local partners) engaged with USAID in these activities also are using PVC Matching Grant funds to expand their capacity to manage expanded programs and, especially, to invest in institutional capacity building. This has a significant multiplier effect on the effectiveness of country-funded activities.

Project Concern International (PCI) for example, places a particular emphasis on the nuts and bolts of organizational sustainability for partners in HIV/AIDS prevention. PCI works with partners in Indonesia on structures of governance, transparency and particularly, developing funding security with an emphasis on local sources. Where appropriate, PCI's program also focuses on income generation through user fees and profit-making activities. PCI does this through such mechanisms as technical assistance and information resource centers accessible by partner NGOs. PCI Indonesia employs a full-time Ph.D.-trained capacity building coordinator to give direction to these efforts.

PCI's comprehensive and systematic strategy for supporting partner viability and self-reliance in Indonesia is based directly on broader approaches developed under its PVC Matching Grant. Indeed, the institutionalization of tested methods for capacity building as opposed to previous *ad hoc* approaches is a stated goal of PCI. These strategies and their application represent a good example of the kind of "best practice" that could be beneficial to other organizations were more opportunities for information sharing and "peer-to-peer" technical assistance available.

A survey of Matching Grant recipients conducted as part of this assessment generated an array of feedback regarding value added through the PVC focus on organizational capacity building. Indicative direct feedback is presented in Table 6.1 below. All of the responses from the survey are reported in Appendix II.

Table 6.1. Impact of Capacity Building Efforts as Reported in Responses to the Capacity Building Survey

On PVO	On partner organizations	On field programs
Partnership		
<ul style="list-style-type: none"> • Experience (gained) working with different types of partners • Shifted our thinking about who would be appropriate partner • We are able to reach and build partnerships with organizations outside of our immediate network (a part of MG program emphasis). 	<ul style="list-style-type: none"> • Some (many actually) of them exhibited greater technical proficiency, some were able to obtain other donor funding using what they had learned from our partnership 	<ul style="list-style-type: none"> • We were better able to provide TA and institution building assistance to our partners
Technical Capacity		
<ul style="list-style-type: none"> • Provides the opportunity for staff to increase technical capacity in specific areas • Gives a great boost technically that would be otherwise hard to find time and resources for 	<ul style="list-style-type: none"> • Great impact. Both for MG partners and other partners in our international network. They receive TA they wouldn't get otherwise and we are able to replicate this assistance around the world 	<ul style="list-style-type: none"> • Great increase in technical ability, confidence, etc. • Some increase in overall management capacity

On PVO	On partner organizations	On field programs
Gender		
<ul style="list-style-type: none"> • <i>Develop broad based capacity in integrating gender considerations as a core quality of the organization</i> • <i>Increased understanding of measurement of empowerment, including the identification of core "conceptual" indicators of women's empowerment</i> 	<ul style="list-style-type: none"> • Most of the countries that received training and follow up assistance in ...gender training have replicated this with their partners 	<ul style="list-style-type: none"> • Field offices are progressively becoming more systematic and comprehensive in conducting gender analysis of their programs
Program Scope		
<ul style="list-style-type: none"> • Increased grants from about \$1.4M in 1993 to about \$13.8M in 1998 • Increased number of proposals submitted from 4 to 14 over 5 yr. Period • Our partners and we are now in access to more resource materials to develop a technical knowledge base in microenterprise/business development support/microcredit. • We gain significant leverage from the MG resources and program to mobilize additional resources and support from other contributors (also to enlarge and build additional partnership). 	<ul style="list-style-type: none"> • Significant increase in ability to compete for and win funding • \$43M in new project funds in four project offices over 5-yr grant period • They developed and implemented the business concepts of planning, saving, cutting costs, investing, efficiency, and growth. • They are now more aware of competition, market demand for their services and the need to respond to these. 	<ul style="list-style-type: none"> • Thousands of poor youth trained in skills leading to jobs (35,000) in MG 94)
Planning		
<ul style="list-style-type: none"> • Development and dissemination of model for planning and management, now used very effectively in most country offices as guidance for strategic planning, better assessment, visioning and monitoring • The Matching Grant was a major factor in the development of our institutional strategic plan, which has laid the basis for subsequent development of our financial sustainability plan. 	<ul style="list-style-type: none"> • In some countries the partner NGOs now use the model and have improved their services to communities 	<ul style="list-style-type: none"> • Projects are better planned—clearer objectives and strategies

On PVO	On partner organizations	On field programs
Civil Society		
<ul style="list-style-type: none"> The incorporation of civil society into our ongoing programs was strengthened by this effort 	<ul style="list-style-type: none"> They learned about cost recovery and gradually reduced the need to depend solely on donated resources. Our efforts were strongly focused on building the capacity of local organizations, especially in the areas of civil society 	<ul style="list-style-type: none"> The quality of programs improved and the understanding of civil society and its role in development increased at the field level

To look further at the value added impacts of Matching Grant support for capacity building, this report will discuss findings and examples of value added impact in the three main categories of institutional capacity presented in the matrix in Section 4: institutional resources, institutional performance and institutional sustainability. This will enable an analytical focus on different models and approaches to capacity building supported by PVC.

6.1 Institutional Resources

6.1.1 Legal Structure and Governance

This is not a common emphasis of PVC Matching Grant-supported capacity building but is being recognized by some as a key element in organizational viability and sustainability. As noted elsewhere, PCI's sustainability strategy emphasizes such issues as board structure, internal accountability, ethics, and transparency of operations. Other organizations, including Heifer Project International, cite board and governance training as a perceived future need.

Given the rapid creation of new NGOs in many countries as a result of more open environments and the availability of increased donor funds, issues of legitimacy and accountability are increasing in importance. It is likely therefore, that issues of legal structure and governance will take on added importance in the future and may be an area where grant-supported assistance will have important value-added payoffs.

6.1.2 Human Resources

Several informants argued that staff development is the most important capacity building investment for long-term impact. This is a common area of focus by grantees. Not surprisingly, training is a major activity in this regard. But there is virtually no measurement or analysis of the effectiveness of these interventions available. Unfortunately the most powerful "proxy" indicator of the success of human resources development may be the rate at which NGOs lose trained staff to better-paying private

sector employers. This will always be a problem but ironically, speaks to the effectiveness of some staff development in NGOs.

In many cases, PVOs are able to hire additional staff with PVC Matching Grant funds. Frequently these staff focus on areas such as training, monitoring and evaluation or other functions that are inherent in building the PVO's own capacity and performance. Of course, the long-term benefit of this use of support depends on the ability of the PVO to continue funding the positions after grant funds expire. In response to the capacity building survey, some PVOs reported success. For example, one PVO reports that "an Economic Opportunities Director, Economic Opportunities Specialist, and Education Specialist were created with (matching grant) funds but have been absorbed into the mainstream of the organization and are presently supported through other funds."

Another area of frequent Matching Grant use is the development of human resource procedures and documentation such as preparation of a human resources policy manual. This is an example of the use of Matching Grant support to increase an organization's professionalism and, in turn capacity to deal with a growing program.

In some cases, grant funds and related staffing support a major new direction for a PVO. CARE, for example, has reoriented its field approach to an integrated one of "household livelihood security" (HLS) through PVC Matching Grant support. Not only has the grant helped CARE to operationalize the concept of HLS, but it also has facilitated a reorientation in the way CARE perceives its local NGO partners from implementers to partners. In a similar vein, one of the findings of the GEM assessment is that several PVOs learned from the GEM experience how to treat local partners as equals rather than as implementing arms. This in turn enhanced the motivation and performance of the partners. The Christian Reformed World Relief Committee (CRWRC) is one example of this type of change.

6.1.3 Management Systems and Practices

Strategic Planning. Probably the most common use of PVC Matching Grant funds for capacity building is in the area of strategic planning. Virtually every recipient uses MG funds for this purpose both for themselves and in support of their NGO partners. Heifer Project International, for example, reports that their Matching Grant supported the development and dissemination of a model for planning and management which has provided direction for strategy development as well as a format for better assessment, visioning, and monitoring.

For many PVOs, this strategic emphasis has led to significant new departures and ways of doing things. Support from Pact with OCA, the DOSA cooperative agreement or the GEM Initiative also has contributed to the quality of strategic planning for many organizations. The depth of intellectual resources behind these "third party" support mechanisms has had a stimulating effect on participating PVOs whose leaders often bring substantial commitment and energy to the agenda of carrying out new strategic directions. The combination of the planning emphasis in the matching grants and these high quality subsidized external resources has been an investment with a great deal of

apparent impact. Many of the items of added value noted in this section of the report have their roots in strategic planning.

Information management. Improved information management is another common capacity building objective in the use of Matching Grant funding by PVOs. A particular manifestation of this that is worth noting is the “resource center” concept. In general, resource centers are country or regional locations offering a variety of information support to local NGOs, including web access and assistance with technology use. Assistance with linkage to potential donor or local funding sources also has proven valuable. Use of PVC funding for this sort of value added initiative shows great promise for achieving broad impacts that are relatively cost effective.

Monitoring and evaluation. While development of monitoring and evaluation systems and procedures systems is a common use of PVC Matching Grant funding by PVOs, relatively little effort has gone into the art of measuring institutional capacity over time to track the impacts of capacity building interventions. In part this is due to the perceived cost in staff time for such an effort and, in part to the lack of comfort with using the tools to do this measurement.

Wide interest is expressed in the need for longitudinal tracking of organizational capacity. To this end the few initiatives noted earlier represent a significant learning opportunity. Experience with DOSA and OCA in particular should be carefully studied since it is an initiative already nurtured, in part, by PVC.

There is a lack of standardized methodology that can be economically applied for measuring what capacity building achieves. Some of the assessment tools discussed above hold promise for measuring change in capacity, but do not address the issue of program impact change. This situation is not likely to improve until adequate program baseline measures are routinely put into place. PVOs should be encouraged to hold themselves accountable for their own organizational and program strengthening according to common standards and indicators developed by PVOs and PVC working together.

Building trust. One of the insights about management support shared with the assessment team and worth noting came from the capacity building specialist on the staff of PCI Indonesia. She emphasized that trust building is a key to capacity building. Pact/Peru staff and several local professionals involved in PVO capacity building also emphasized the importance of building trust within any partnership, not only for capacity building but also for program implementation.

Whoever is providing training or technical assistance must build a relationship with the organization and establish credibility. This view supports the finding of the GEM and SDS assessments that a one-time workshop or training event needs to be followed by more hands-on assistance if management and organizational changes are to take hold. The need for training follow up was also emphasized by many of the PVO/NGO respondents in the current study. It is one of the consistent findings throughout the

current set of studies. This emphasizes the continuing need for PVC and its partners to invest in development of local cadres of experts who can work with local organizations on management and organizational strengthening.

6.1.4 Financial Resources

A growing emphasis of Matching Grant recipients is helping partners generate additional financial resources. Organizations such as Pact, PCI and Winrock emphasize tapping local private sector sources directly or through partnerships. PCI and Winrock, among others, are assisting partners with income generation through fees or other profit-making activities. Some PVOs are using grant funds to set up local service centers that, among other things, provide databases of information regarding donors and potential local funding sources. In interviews in Peru, this was identified as the most critical need for PVOs and CBOs in Latin America.

Financial sustainability is one of the most mentioned areas where PVOs and USAID Missions alike would be interested in additional technical support. This does not reflect a lack of past attention to this issue. Rather urgency is attached to it at a time when a proliferation of NGOs plays an enhanced role in programs of democratization and decentralization (including decentralized service delivery) while remaining largely dependent on donors or worse, a single donor.

The SDS assessment suggests that this project played a helpful role in increasing levels of PVO organizational commitment to a vision of financial sustainability and an enhanced emphasis on financial sustainability in the strategic planning process. Several PVOs working with SDS established specific plans for cost-recovery mechanisms in their existing field programs.

One area of success frequently noted by the evaluators was the ability of PVOs to leverage PVC resources with funding from other sources to broaden activities that were jump-started through a Matching Grant. Winrock has leveraged PVC funding with private sector support. The African Wildlife Federation has drawn successfully on field USAID funding to finance strategic planning work with local partners using a customized result's framework developed under their Matching Grant. PCI Indonesia has received funding from the USAID mission for application of an overall PCI strategy developed with PVC support. Save the Children, World Vision, Pact, TechnoServe, the Mountain Institute and many other groups also provide examples of fund leveraging from the wider donor community including the World Bank, European donors, Canada, IDB, the private sector and foundations.

PVC also directly supports the development of private sector partnerships through CorCom and through a Pact Matching Grant that has worked with the Prince of Wales Foundation to identify potential partnerships for private sector funding in several countries. This has led to several productive partnerships. For example, several mining companies in Peru are actively working with local community groups in community development efforts, using models developed with PVC support.

6.2 Institutional Performance

6.2.1 Program Results

Matching Grants do of course, support programming both directly and through the impact of enhanced capacity. As stated by the African Wildlife Federation, the purpose of institutional development is to “enhance capacity for strong service delivery.” The purpose of this current assessment, however, was not to evaluate specific programs but rather to focus on the organizational capacity building aspects of grant utilization.

As mentioned at the beginning of this section, stronger organizational capacity is expected to lead to improved program performance. The link is difficult to rigorously measure and little attempt has been made to do so in the development community, although of course, program results are commonly monitored. Some sectors, such as the health sectors linking of facility assessment, organizational strengthening and service delivery outcomes, do have more experience in this area than others.

PVC’s Matching Grants support improved program results by encouraging implementation and testing of new models for service delivery. Examples include the CARE “household livelihood security” approach and the Aga Khan Foundation’s (AKF) application of integrated models for community-based public health care and maternal and child health (PHC/MCH) services. AKF is attempting to shift its field focus from curative health care to affordable preventative care linked to cost recovery mechanisms for financial sustainability.

Several organizations cite the impact of PVC Matching Grant funds on improving aspects of the way they deliver programs. For example, Save the Children notes that “grant funds were leveraged to develop broad-based capacity in integrating gender considerations as a core quality concern of the organization.” Related to this, grant funds have “permitted increased understanding of the measurement of empowerment, including the identification of core conceptual indicators of women’s empowerment.”

6.2.2 Networking and External Relations

Networking value added could be in the area of peer-to-peer transfer of knowledge and learning or in the development of external links that provide prestige, protection, or funding. Most of the observable networking value added in PVC support falls into the former category with the exception of networking with potential sources of funding, covered below under sustainability.

Three ongoing assessments of PVC-supported networks—CORE (child survival organizations, CorCom (facilitating PVO-private sector partnerships) and SEEP (small enterprise development organizations)—cite beneficial outcomes such as the following from these networks.

- Support for organizational change (forum for exploring new ideas, acquiring knowledge, validating new courses of action, reinforcement and catalysis)
- Facilitating partnerships

- Peer group support
- Technical exchange (for example, best practices)
- Resource sharing
- Advancing sector policies and interests
- Strengthening partnership with USAID and other donors
- Development and maintenance of communications channels (web, listserv, conference calls, forums and mailings)
- Improving training design and capacity
- Documenting and sharing experiences and lessons learned
- Increasing profile of PVOs (visibility)
- Receiving updates on state-of-the-art technical information and advancing the state of knowledge
- Promoting field level partnerships

Areas where peer-to-peer networking seems most beneficial to PVOs and NGO partners are program coordination, sharing and documenting best practices and raising awareness of PVOs and NGOs in the wider community and fundraising support.

A particular subset of networking is partnership development. PVC Matching Grants are used to support partnerships: 1) between PVOs and NGOs, 2) between NGOs, 3) between NGOs and the private sector and 4) between NGOs and sources of research or technical information. The PVO/NGO partnerships are common to most Matching Grants. Partnerships among NGOs are also common, but tend to be more informal. NGO/private sector partnerships are becoming more common, such as those that Pact, Winrock, ADRA, GEM and others have established. Finally, partnerships between NGOs and research and technical sources of information exist among PVC grantees such as Winrock. The GEM initiative also supported a few “customized” PVO-NGO partnerships and cites as a lesson learned the value of intensive partnerships over broad networks of collaborators.

The assessment noted that networks had “often acted as a catalytic/reinforcing agent” for partnerships, helping organizations move beyond awareness toward actual involvement in partnerships or relationships with for-profit organizations.

6.2.3 Application of Technical Knowledge

In general, matching grantees provide technical support in the sectoral areas in which they and their partners operate. Winrock, for example, emphasizes appropriate technology transfer in working with small farmers and supporting organizations in the field. But this is augmented by the provision of information, training, and links with public and private sources of information, assistance, and material. As Winrock puts it, PVC Matching Grant support is used to provide a link between NGOs and sources of research-based information. Moreover, grant resources are used to the capacity of local partners to deliver services that increase agricultural incomes of farm households.

TechnoServe also provides specific technical support to build commercial firms in the agricultural sector, using a model that was developed and tested in several countries. PVC support for improved strategic planning resulted in more effective delivery and application of this model to a wider audience.

Of course, the ultimate goal of almost any institutional capacity building is to improve the ability of target organizations to deliver whatever services they provide. It was not within the scope of this assessment, however, to measure PVO/NGO service delivery effectiveness. Nor is there any body of knowledge or data to prove the link between stronger organizations and broader or better services. Nonetheless, as described anecdotally in the GEM and SDS assessments, supported by observations of this study, organizational capacity improvements do lead to improved strategy, better prepared staff, and in some cases, expanded programs. From an evaluative standpoint, however, specific attribution of these results to particular capacity building interventions is difficult.

6.2.4 Constituency Empowerment

A rapidly growing area of PVO/NGO programming is advocacy support on behalf of local constituencies. In Indonesia, for example, where the climate for advocacy is much more open than before, NGOs are active in policy advocacy in arenas such as civil society, environment, and HIV/AIDS. Pact Indonesia, for example, is working with a cluster of advocacy organizations using a version of OCA called the "Advocacy Mirror" as an organizational assessment tool. Pact's reach in Indonesia is greatly expanded by access to mission funding through the NGO Partnership Initiative and the Rapid Response Initiative. Pact is partnering with local NGOs active in advocacy for environmental awareness, gender issues, land rights, migrant workers, public awareness of corruption, labor rights, and the rights of children. All of this activity builds on capacities and programs developed within Pact with PVC support. Here again, PVC adds value by enabling local programs to have greater substance and reach. PVC inputs then are multiplied by local Mission support (and, in some cases, other local support including other donors and the private sector).

A major current global interest of USAID is the development of a robust civil society, especially in nations in transition from centralized regimes to a more decentralized, democratic system. Both Peru and Indonesia reflect this emphasis in which the empowerment of civil society becomes a major motif. This empowerment is accomplished through programs to strengthen community-based organizations (CBOs) that can give voice to citizens in their interactions with government at all levels.

USAID Indonesia, for example, funnels more than half of Mission resources through NGOs working across each of its strategic objectives. While, in general, the focus is on the actual activities or services of local NGOs, institutional strengthening is a related intermediate result in most cases. Of course, these organizations are potentially empowered simply by access to more resources but enabling them to perform effectively and in a transparent manner also is critical. In many cases, PVOs are using Matching Grant-funded programs to focus on capacity building while Mission funds are directed

toward service delivery. This is an effective combination that enables local NGOs to do a better job representing and serving their constituencies. Here again, PVC support adds significant value to the mission-funded programs.

In Peru, several U. S. and local PVOs are involved in various community based projects that have been key players in “mesas de concertación”, a growing approach toward bringing together key stakeholders in a community to develop community development plans. A number of interviewees talked about how the empowerment of their organization and community members as a result of capacity building efforts made them more active and influential players in community decision making. Several people mentioned that this has been particularly important for women. For example, women who have been involved in village banking activities supported by a PVC Matching Grant no longer see themselves as “beneficiaries” of development, but as active partners in deciding about the future of their families and communities.

6.3 Institutional Sustainability

6.3.1 Organizational Autonomy

As noted above under Institutional Resources, Matching Grant support is widely used to increase the basic competence and professionalism of PVOs and, in some cases, their partners through improved human resources, planning, financial, and management systems. The survey of Matching Grant recipients reflected a wide array of positive outcomes in this area. This kind of institutional strengthening has direct implications for program reach and organizational autonomy.

As noted earlier, PCI in Indonesia represents a good example of an attempt to take autonomy seriously through emphasis on enduring and transparent systems of NGO governance and on diversified developing sources of funding. Every activity supported by PCI Indonesia has a “sustainability component” focused on future income generation. It will take years to judge the effectiveness of this emphasis but it seems to the assessment team as the kind of focus that is necessary. Because financial diversification depends ultimately on “customer” satisfaction with services delivered, PCI also emphasizes service quality as a sustainability input.

Heifer Project International indicates they are on a major trajectory toward country offices becoming semi-independent “affiliates” which means they will be self-governing, raise more of their own funds, make decisions for themselves, and monitor more at the decentralized level. Specifically this involves governance training, micro-credit development, and fundraising support. While the Heifer Project Matching Grant does not directly support these initiatives, they are seen as a logical progression from it. This is yet another of many example of a Matching Grant jump-starting a major initiative and thus adding significant value.

6.3.2 Leadership

Leadership development is a major emphasis of the GEM project and is a subset of the management development that is a part of many PVOs capacity building strategies. For

example, several PVOs in Peru mentioned leadership as a critical component of better PVO capacity. But, overall, it may be an under-emphasized area of focus.

GEM, especially through its Certificate Program, builds the capacities of PVO and NGO leaders engaged in managing organizational change and partnership development. In particular, this training has proven valuable to leadership that is new in an organization or to leaders whose organizations are emerging from a major transition or crisis.

PCI, by focusing on governance issues as noted above, addresses some of the functional aspects of leadership roles and responsibilities for NGO executives and their Boards. They argue persuasively that this is a key factor in organizational sustainability.

Several local groups in Peru cited improved leadership as one of the outcomes of their participation in Pact training. Improved leadership skills, especially for board members, were also identified as a high priority for future capacity building efforts.

6.3.3 Organizational Learning

Tools for capacity assessment such as the OCA and DOSA methods supported by PVC provide valuable mechanisms for organizational learning. Pact, which has been involved in development of both of these tools, has as a goal for its current Matching Grant to enhance the organizational competencies of U.S. PVOs and their partners through a multi-phased approach to organizational capacity assessment and project monitoring, evaluation and results reporting. Representatives of local organizations that have used OCA report that the process of self-assessment was important to them in terms of learning about their organization and making more informed decisions about future needs and program directions. There is also, however, an expressed need for more effective follow up and feedback.

Through a program of action research, training, and partnering with PVOs for using and testing OCA and DOSA, Pact is using Matching Grant support to advance the state of the art in organizational assessment and the use of assessment as a powerful organizational development tool. According to Pact, over 20 U.S. PVOs conduct regular assessments with OCA in 21 countries and over 350 NGOs are familiar with the tool. Pact also emphasizes information sharing through publications, use of the Internet and facilitation of PVO peer-to-peer information exchange.

These activities and similar initiatives among other PVOs add value by increasing opportunities for mutual learning among PVOs and NGOs through innovative use of technology and other means. Networks of PVOs, as noted above, also support organizational learning and expand information sharing into opportunities for dialogue. Given the rich experience base of PVOs and their partners, this is a valuable and relatively cost-effective approach to learning.

As reported in the DOSA case study summary, this initiative has contributed to organizational learning in “all four levels examined by the analysis: individual, organizational, colleague organization, and beneficiary.” Moreover DOSA is credited

with serving as a catalyst for organizations to change its internal processes at each of these levels. This speaks to the learning value of serious self assessment, especially when that assessment is participatory and open so as to build consensus around findings and action plans that develop from an awareness of the opportunity for organizational strengthening.

Other types of organizational learning are also taking place. For example, both in the current assessment and the SDS evaluation, respondents talked about how their organization is learning that collaboration with the private sector is key to future success.

ADRA gave the example of how their PVC MG activities have helped them move from a paradigm of social humanitarian assistance to one of economic development. They now work from a perspective that economic development is an investment that provides returns that can then be reinvested in a community and in development to help others. As part of this change in perspective, the organization is now developing the ability to support programs in the *context* of the country or region rather than as “one size fits all.”

The service center concept, not widely used by grantees but successful in the USAID DemNet program in Central Europe and under consideration by some PVOs may provide a cost-effective way to promote learning opportunities for local NGOs. Service Centers can provide a central repository for information about funding sources, and management or technical issues but also provide support for access to technologies such as the Internet for networking, e-mail and other information access. The Africa Wildlife Federation has created “Conservation Service Centers” using Matching Grant resources. These Centers have been successful in helping partners and leveraging the impact of limited resources.

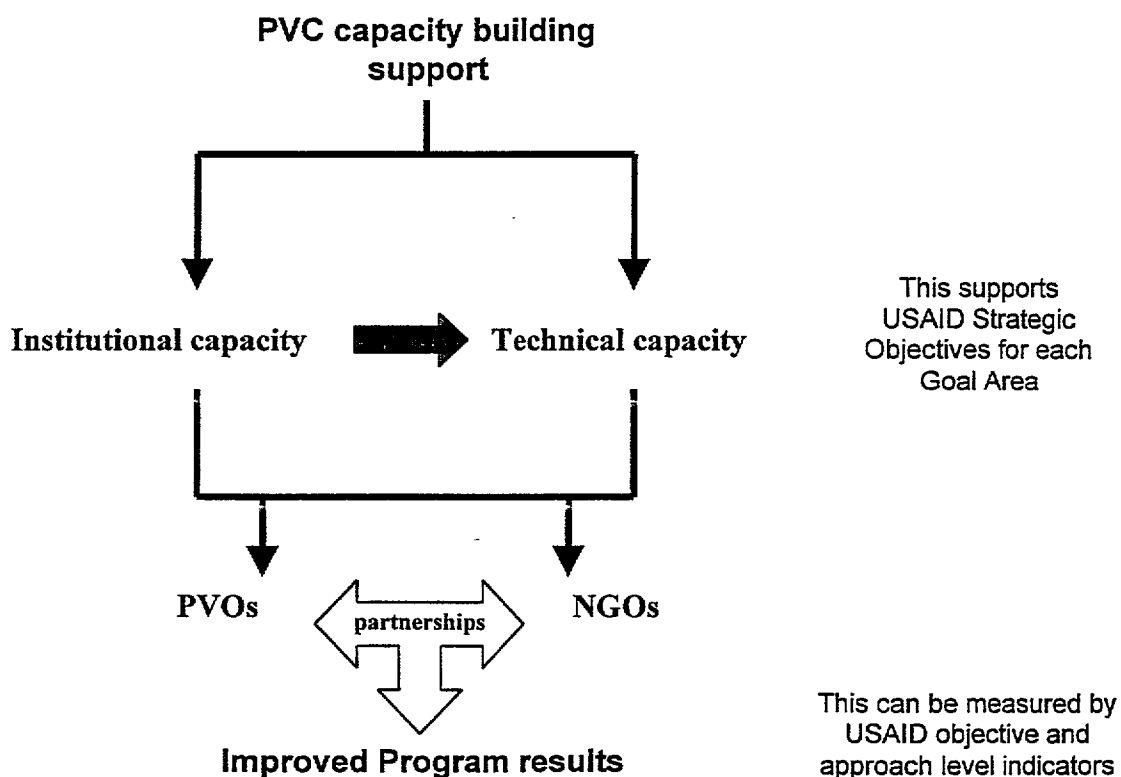
7. THE ROLE OF FUTURE PVC SUPPORT FOR PVO/NGO CAPACITY BUILDING

As PVC looks ahead and plans for future support for PVOs and NGOs, the entire office program should be part of that planning. Several issues must be considered.

- What types of capacity building support are most critical to enable the PVO/NGO community to plan, implement and monitor effective and sustainable development programs? How can needed support best be made available to PVOs and NGOs?
- How can PVC capacity building support the integration of PVO programs and USAID country Strategic Objectives?
- How can PVC make its capacity building efforts more responsive to the needs of southern NGOs?

It may be useful to think about how PVC's capacity building fits into USAID's overall development effort. As illustrated in figure 7.1, PVC works to build the capacity of PVOs and NGOs to do international development. In some cases, emphasis is on building the basic institutional capacity to carry out programs. This in turn should foster improved technical capacity and ultimately more successful programs, with good results. In other cases, PVC supports direct building of technical capacity. This also should result in more successful programs and positive impact at the community level.

Figure 7.1. PVC's role in USAID development programs.



The current assessment focused primarily on the relationships represented in the upper three-fourths of figure 7.1. The data sources were used to assess the linkages among PVC's support, institutional capacity, technical capacity and PVO/NGO partnerships. Where possible, the impact on program results was also examined.

Also as indicated in the figure, improved institutional and technical capacity support USAID Strategic Objectives in each Goal Area of Economic Growth and Development; Democracy and Governance; Environment; Human Capacity Development; Population, Health and Nutrition and Humanitarian Assistance. This is repeatedly demonstrated by the data sources used in this assessment and supported by the fact that capacity building plays such an important cross cutting roles in USAID's programs. Many of the data, however, are from subjective and often anecdotal sources. This assessment approaches the question from a value-added perspective in order to focus on the impact of capacity building efforts.

7.1 Themes from This Study

In this section, several themes that emerged from the capacity building assessment are presented as a precursor to a discussion of future options that PVC should consider for its continued support of PVO/NGO capacity building.

7.1.1 PVO/NGO Capacity Assessment

Because of the growing attention to NGO collaboration at the USAID Mission level, current attention often is centered on the development results to which these NGOs contribute rather than to their capacity, even when capacity building is a stated objective (as it almost always is). As a result, there is some reluctance to invest in measuring organizational capacity, especially on an ongoing basis. Assessment tools and models provide one alternative for looking at how organizational capacity change over time. With baselines, such models could provide some insight into which types of capacity building are most effective under which circumstances for which groups. There is currently very little data to address this question.

Over the past few years, with the DOSA analyses and other studies, PVC has raised the bar in terms of assessing organizational capacity. This information, while not directly attributional, also is useful in assessing the impact of capacity building efforts. For example, PVC has put increased emphasis on monitoring and evaluation through RFAs, grant review criteria and feedback, program managers' interaction with grantees and evaluations. The most recent DOSA analysis¹² indicates that 63 percent of PVOs report improvement in the routine use of result-based indicators to track progress in achieving objectives. While this small sample and magnitude of change limit generalizations, the PVC supported OCA and DOSA models provide an effective starting place for linking assessment tools and planning with follow-up analysis of whether change has occurred in terms of organizational capacity.

¹² DOSA Analysis 2000. March 2000. This analysis reanalysis was on the current cohort of eight PVOs.

Another question related to the process of capacity assessment is whether the assessment process itself is a useful intervention for an organization. Reports on this vary, but a majority of local PVOs in Peru that had participated in the OCA approach reported that it was very useful for them to do the self-assessment and that it helped them understand the value of self-analysis in planning.

Asked about organizational changes in response to “formal” capacity assessment in PVC’s IR3 telephone survey of PVC’s partners¹³ (n = 74), forty-nine, or 72 percent reported changes in strategic planning; 47 or 69 percent in monitoring and evaluation; thirty-nine or 56 percent in staff training; but only twenty-six or 38 percent in external relations improvement. Responses for all of PVC from the total IR3 survey are summarized in the following table.

Table 7.2 PVC IR3 Telephone Survey Results

PVC Programs	Conducted a formal assessment of capacity to deliver services		Made changes as a result of using these assessments	
	Yes	No	Yes	No
All programs (n = 74)	61 (82%)	13 (18%)	63 (91%)	6 (9%)
Matching Grants (n = 25)	21 (95%)	4 (18%)	23 (98%)	1 (4%)
Child Survival (n = 32)	28 (88%)	4 (13%)	25 (83%)	5 (16%)

7.1.2 PVO/NGO Capacity Building

As discussed in Sections four and six of this report, there are general areas of agreement about the types of capacity that are needed for productive organizational functioning. For example, organizational sustainability requires attention to the nuts and bolts of effective governance—board roles, staff accountability, supervisory practices, financial transparency and ethics. Absent this governance base, even access to resources will not assure institutional autonomy or performance. Also, effective strategic planning is a recognized factor in organizational performance and a major arena of PVC-supported capacity building for PVOs and partner NGOs.

PVO networks, especially those supported by PVC, seem to represent significant value added. More avenues for sharing best practices, facilitating peer-to-peer technical support, promoting awareness of support resources, and advancing the state of the art in management and organizational development are a promising area for further investment.

Matching Grant support clearly enables PVOs to do valuable and often innovative things they could do in no other way. When this has a leverage or multiplier effect, the results are particularly significant. The flexibility of the Matching Grant program is commendable. While PVOs should be held accountable for results (and for the sustainability of MG-funded program or organizational initiatives), flexibility in strategies for capacity building should be maintained.

¹³PVC R4 Team. PVC IR3 Telephone Survey, March 2000.

According to the responses from the recent PVC IR3 telephone survey (n = 74), PVC Matching Grants and Child Survival Grants also help strengthen PVOs in some areas. Twenty respondents reported improvements in technical program design. Only six reported improvements in strategic planning related to emergency relief. This may reflect the urgency of emergency relief where the primary focus is on immediate results rather than organizational change.

Based on the SDS and GEM evaluations plus the survey done for this study, other PVC-supported capacity building programs were useful to those groups that accessed them. In the current survey, when respondents were asked about the cost effectiveness of the programs, GEM (n = 4) was ranked from good to excellent. SDS (n = 3), however, was not seen as cost effective. This sample is very small and should not be used to generalize. The value added seems to be considerable to those groups that can access such services, but particularly for SDS, this number was very limited.

The benefits of capacity building are reduced and even eroded in the absence of support for follow up application and guidance. This presents a quandary because follow up activities are very costly and take a lot of hands on staff time.

Given the importance of access to ongoing management and organizational development support for nascent NGOs, it will be critical to develop cadres of local expertise who can provide such support over time and at reasonable cost. Investment in the development of such local support expertise is a strategic necessity.

Most PVOs seem to be using capacity building support effectively and for purposes that emerge as priorities from their own processes of internal assessment and planning (or similar processes facilitated with partner NGOs). Thus there is a wide array of applications including strategic planning, training, staff enhancement, monitoring and evaluation, management information systems and others. It is not possible to compare the effectiveness of different applications because each fits a different context and set of organizational needs. No approach is a magic bullet. None shows up as a general failure.

Another important element of capacity building that is often overlooked is the donor grant management process. When asked which aspects of interaction with PVC were helpful, respondents to the capacity building survey gave examples for each of the categories. Other interviewees also mentioned the importance of PVC's role in their organizational learning. The grant writing process was seen as a learning process. Several interviewees particularly mentioned the usefulness of the proposal reviews and feedback, even if the grant was not funded. Also seen as helpful were debriefings and interactions with grant managers. This feedback points out the need to continue to systematize the entire process of grant management across programs, from the RFA to evaluations. This process is the primary opportunity for PVC directly, through its own professional staff, to have a positive impact on PVO capacity.

7.1.3 Civil Society

Donor attention to a vibrant civil society has created both opportunity and risk for the development of community-based organizations and advocacy NGOs representing local citizen interests. On the one hand, these organizations now have a role to play in support of transition to more decentralized, democratic governance. On the other hand, there is a proliferation of CBOs and NGOs responding to both need and donor resource availability. They vary widely in both competence and legitimacy, which presents a severe challenge for those investing in their development. Use of reliable assessment methodologies is more than a luxury in this context.

One thread that was apparent throughout this assessment is that the role of local organizations in building civil society is essential. Responses from the PVC mission survey give examples of the importance of their role in advocacy, in service delivery in situations where the government is not providing services and as actors in long-term development. The R4 data base analysis shows that Democracy and Governance SOs have more emphasis on capacity building than other USAID Goal Areas, plus many of the capacity building activities in other goal areas such as environment focus on or ultimately strengthen civil society. The IFCB surveys and consultations also identify civil society as a critical issue—policy research, analysis and advocacy was a high capacity building priority for all stakeholders except for South and East Africa.

7.1.4 PVO/NGO Reporting

One of the continual problems with assessing the program level impact of capacity building efforts is a lack of baseline data against which to objectively measure change. This is again confirmed by the PVC FY 2000 R4 Matching Grant Evaluation Score Sheet that shows only three out of 12 organizations have acceptable evidence of baseline data for objectives from the proposal or the DIP.¹⁴ These data are from a PVC review of matching grant evaluations over the past year. A marked contrast to this situation is illustrated in the just completed study, "Highlights of 1998-99 Child Survival Grants Program Review (CSTS, ORC Macro March 29, 2000)." The Child Survival Study is able to look at program impact because programs did have baseline and follow on data on agreed upon industry wide indicators. This type of analysis is much more difficult in areas where such agreed upon indicators do not exist.

One suggestion is to encourage PVOs to be aware of the work that USAID is currently doing to bring more standardization to performance indicators in each of the Goal Areas mentioned above.¹⁵ (Also see figure 7.1) If, wherever possible, PVOs could select from these common indicators to capture change in their programs, monitoring program change would become more rigorous in areas other than Child Survival and microenterprise. This is not to suggest that the use of these common indicators would solve all impact measurement problems. But if rigor and pragmatism can be combined in order to improve the ability of PVOs to track results, it will help meet reporting

¹⁴ PVC. FY 2000 Grant Evaluation Score Sheet. March 2000.

¹⁵ USAID. "Results Details. USAID Common Indicators for Mission and Operating Unit Strategic Objectives." Agency Notice No. 16. February 2, 1997.

requirements and they will also have better information for program management. This would also provide PVC with comparable data from various grants and enhance the ability to look at program wide impact.

7.1.5 Financial Sustainability

As with civil society, financial sustainability and the need for resource diversification is a central theme surfacing from all types of data used in this study. PVC has played a major catalyst role in strengthening the capacity of PVOs to build a financially sustainable base. Initially, this largely focused on building an awareness and an acceptance among the PVO community that resource diversification was necessary for sustainability and that linkages to the private sector did not have to be incompatible with the traditional value orientation of non profit groups. As evidenced in the SDS evaluation and supported by sources from this study, that effort has been very successful.

Not only does the U. S. PVO community now, for the most part, recognize the need and potential for resource diversification, but that message has begun to spread among community-based organizations in other countries. The need for resource mobilization was one of the key priorities identified in the IFCB process. Several of the respondents to the capacity building survey saw this as a future need for capacity building for themselves and their partners. Field interviews also highlighted this issue. In addition, progress has been made. The March 00 DOSA study (n = 8) finds a 50 percent and 63 percent increase, respectively in increased support from corporations and foundations. Several field programs gave examples of successful linkages to the private sector and increased funding from a wider donor sample. Eleven of 24 PVC IR3 telephone survey respondents reported improvement in sustainability planning for emergency relief programs as a result of capacity building activities

Once awareness is built, the question of **how** to approach capacity building in financial sustainability is more difficult to approach. Networks have played a positive role in this area, particularly CorCom (now the Millennium Alliance). SDS was very effective for a few organizations when ongoing technical support was provided. Several tools from the SDS program hold promise for future work, but the process needs to be systematized. More needs to be learned about the experience of organizations that have been successful in building a wider and more secure funding base so guidelines and models can be developed.

7.1.6 The Role of PVC in the Eyes of the PVO Community

The PVO community values PVC as both a source of capacity building assistance and a locus of support for innovation and experimentation. There is considerable hope in the PVO community that PVC will continue its support for innovation. PVOs look to PVC to take a leadership role within USAID in defining a more clearly articulated strategy for working with local NGOs. A corollary of this role, as emphasized throughout this report, is the need to define results and determine indicators in such areas as the dynamics of organizational change and capacity, partnership, and NGO/constituency empowerment. These are particular directions where PVC priorities and PVO competencies intersect.

Like all operating units of USAID, PVC is and should be responsible for results. But, to the extent it is measured only by the development outcomes common to the results packages of the Global Bureau, Regional bureaus, and Missions, PVC becomes indistinguishable from them except that it has a much more diverse group of partners upon which it depends for monitoring and evaluation data.

Traditional results measurement to some degree misses the mark of a good deal of PVC's contribution to development. As noted elsewhere, PC is unique in the agency in its emphasis on organizational capacity at the Strategic Objective level. It accomplishes its SO through its support of activities to strengthen PVOs and NGOs and their performance, its initiatives for facilitating partnerships, and its networking functions, both indirectly through PVO nets and directly through such mechanisms as the IFCB and the AWG.

These roles are valued by PVC's partners, which are served in very unique ways by PVC even if receiving higher levels of funding from other sources, including other parts of USAID. Indeed, in most cases, PVOs see PVC as a partner in a way that is not true of their relations with other parts of the Agency where they serve more as contracted implementing agents.

PVC and the wider Agency should emphasize this role as a center of innovation and experimentation. This suggests that PVC should be measured by the degree to which it contributes to agency and partner learning as much as it is measured by traditional development outcomes on the ground. A corollary of this suggestion is that tools and methodologies to measure such dynamics as institutional capacity change, organizational learning, institutional autonomy, and other key attributes of performance and sustainability need further development and testing by PVC working collaboratively with its partners.

There are some good beginnings in this direction within the PVC portfolio. A recommended priority for the future is to consolidate these beginnings to enable more structured and applied learning and sharing of that learning from the experimentation and innovation that is ongoing with critical PVC help.

7.2 Recommendations for the PVC Grant Management Process

Based on the current study, and in particular the themes discussed in Section 6 of this report, the following general recommendations are made for PVC. Some programs may already be doing some of the actions recommended, but PVC should consider opportunities for other programs to learn from those experiences. For example, all divisions have worked on improving monitoring and evaluation and could learn from each other.

- Find ways to standardize grant review and management procedures across PVC programs.
- Revise RFAs to require baseline and targets for **specific types of capacity** so that capacity building can be measured. (This does not mean a baseline study for program information.)
- Expand the use of assessment tools as baseline and impact measures.

- Encourage further development of industry standards of organizational capacity for sectoral groups of NGOs (microenterprise and health have experience in this area).
- Revise RFAs to require specific linkage to USAID strategic objectives with the use of SO indicators to measure impact.
- Include baseline and targets as part of proposal review criteria.
- Include fields to record type of capacity building proposed in MG data set. This will enable PVC to more effectively track what they support and what trends emerge.
- Encourage more emphasis on the implementation of strategic plans and other management actions in training activities.
- Encourage adequate built-in follow up for capacity building.
- Examine the contributions of PVC supported networks to technical capacity building in context of network sustainability without continued support.
- Implement a more consistent evaluation process with specific attention to the impact of PVC's support to an organization's program.

7.3 Possible Options for a New Results Package

In addition to the general recommendations related to the overall process of managing PVC's support for PVO/NGO capacity building, the following options are suggested for consideration in the design of a new results package. The options are not presented as mutually exclusive, but as ideas to consider in making decisions about an overall program to support PVOs and NGOs.

It is possible that mechanisms already exist to do some of the activities listed in the options. The results package design needs to avoid duplication of efforts as much as possible. While the team tried to suggest "doable" options, specific details about contracting mechanisms and budgeting still need careful consideration.

7.3.1 A Grant Budget Line Item

This option does not actually require a new results package, but can be viewed as a supplementary mechanism to subsidize PVOs in accessing training and organizational development activities for themselves and their partners. PVC could provide a database of external vendors and consultants that have previously provided such services. Linking this to the CS database would eliminate the need to duplicate efforts within PVC.

Consideration should be given to a more targeted focus for grant supported capacity building. Dialogue regarding this focus would begin in the RFA conference and continue through the process of implementation¹⁶. A possible area of focus is standard setting in organizational performance in critical areas, such as the industry standards in microenterprise and Child Survival. Another key area is gathering baseline data for organizational capacity and for program impact. Currently it is very difficult to assess the magnitude of PVO capacity gains or contribution to partner capacity gains due to the

¹⁶ One west coast PVO expressed the hope that conferences or workshops designed for PVO/PVC dialogue would not always be held in Washington.

informal nature of many CB activities and the near total lack of longitudinal measurement or documentation.

Advantages:

- Continues a familiar approach that has enabled significant institutional development among PVC partners in the past
- Administratively efficient (adds minimal management load in PVC)
- Allows PVOs flexibility in addressing needs (subject to the limits of a more focused agenda)
- Builds in a cost-effective perspective for the grantees

Limitations:

- Results are very difficult to assess due to the wide range of activities and lack of systematic reporting of capacity change other than the DOSA yearly PVO self reports
- Assistance is limited to grantees (a small subset of registered PVOs)

Implications:

- The external vendor universe would include a wide range of organizations and consultants in the private sector as well as PVOs.
- Services from currently USAID supported providers would be available (GEM, SDS, PACT, etc.). Providers are not necessarily projects (e.g. GEM) but the sustainable institutional expertise behind them (i.e. Case/Weatherhead/SIGMA).
- There is no directly funded external service provider.

7.3.2 Central Technical Support Unit

Selected areas of direct technical support could be keyed to standard-setting, assessing and monitoring organizational capacity, including doing baseline assessments and adding rigor to the assessment of linkages between organizational capacity and program results. Civil Society and financial sustainability could be additional areas of focused support; consistent with the themes discussed in Section 7.1. This mechanism could also offer regional workshops for mission personnel focused on working with local NGOs. One issue that was brought up in PVO interviews is that some missions do not understand the PVO/NGO community. The Africa Bureau Liaison Project provides one model for addressing this issue.

Other possible roles for a technical support unit are:

- Information/resource center (dealing with technology, access to databases and other information on donors, local funding sources, best practices, tools, etc.)
- Functioning as a PVO “Service Center” (databases of funding sources, tools, facilitation of peer-to-peer transfer, etc.)
- Support existing networks of grant recipients such as SEEP. Facilitate networking around best practices and common issues, sponsor meetings, programs, produce newsletter, etc.
- Continued support for the IFCB.

A contract consortium selected through a competitive bidding process would provide services. These services would be available to PVC's clients on a subsidized basis, probably with cost sharing. Other services would be obtained in the external marketplace although the support unit could play a linking function.

A possible contracting mechanism for this option is an indefinite quantity contract (IQC) with a core management task and a core technical task to provide a minimum number of services for PVC.

Advantages:

- Permits focused and standardized technical support to PVC and its partners
- Allows support for registered PVOs that are not grantees
- Could continue to build awareness about key areas of capacity building and its measurement
- Could support linkages to other USAID central projects offering relevant services in certain sectors or linkages
- Could assist PVC and its partners with measurement techniques and thematic analysis of monitoring information
- Could respond to the general themes identified by this assessment.

Limitations and Issues:

- How would this be linked to CSTS and how would the learning of CSTS be utilized?
- How inclusive would this support mechanism be for other BHR programs?
- Does a unit working on capacity measurement imply development of a standard tool and common indicators? If so, how is this balanced with interest in "bottom up" tool development?
- What are the mechanisms and incentives for encouraging one PVO to help another (cross PVO mentoring) based on their own expertise and experience?
- Could be expensive in terms of administrative requirements and management
- Can PVOs use the MG line for capacity building to cost share with the technical support unit.

7.3.3. Mechanism for Mission and Bureau Participation

This is an additional role for a technical support unit. The issues of assessing capacity and supporting civil society and financial sustainability show up as mission concerns. There is also interest in the information sharing, standard setting and tracking organizational capacity and program impact. Helping to develop local cadres of experts in organizational capacity building is another possible agenda.

Both the PVC mission survey and the field visits emphasize the fact that while missions are interested in capacity building and see a central project as useful support, they are very concerned about the contractual difficulties in a typical buy-in contract such as an

IQC and also about the high indirect cost ratio on many contracts. It was strongly suggested by mission personnel interviewed that a mechanism that permits easy transfer of funds would make buy-in to a central project much more appealing, especially if indirect costs can be kept down. The tradeoff between indirect costs and mission program officers management time suggests that the ease in contracting may be even more of an issue than the costs. Missions are trying to minimize management demands through more and more umbrella contracts, which could make a capacity building support alternative attractive to those umbrella contracts.

Advantages:

- Could be used in conjunction with local experts to bring in specialized expertise
- Has potential for sharing lessons learned and experience from one region to another
- Could target issues of common concern to missions including monitoring and supporting financial sustainability and civil society
- Could also support mission workshops related to working with NGOs

Limitations:

- Concerns about cost of loaded contracts
- Preference for local networks of consultants with country knowledge and language capability

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APPENDIX I. LIST OF CONTACTS

Name	Organization
1. Adam, Josephine	Jakarta, Church World Service
2. Adamczyk, Christine	Lima, USAID
3. Adinugroho, Kusuma	Jakarta, CARE
4. Aldazabal, Farfair	Lima, World Vision
5. Ali, Firman	Jakarta, USAID
6. Antoine, Pierre	Winrock International
7. Ashe, Jeffrey, A.	Working Capital
8. Atwater, Sabrina	Pact
9. Bintoro, Bambang	Jakarta, National Planning board
10. Bloom, Evan	Pact
11. Boyle, Phillip	Jakarta, Consultant (previous PVO MG Evaluator)
12. Broemmelsiek, Michelle	Jakarta, CRS
13. Caceres, Carlos F.	Lima, Redes Jovenes
14. Calle, Saul	Lima, World Vision
15. Caravedo Molinari, Baltazar	Lima, Avina
16. Carp, Carol	Jakarta, Project Concern, Int'l
17. Castro Rios, Alfonso	Lima, TechnoServe
18. Chirinos Segura, Luis	Lima, Pact Perú
19. Contreras-Peña, Inéz	Lima, TechnoServe
20. Cooley, Larry	MSI
21. Craun-Selka, Phyllis	Pact
22. Dakan, Robert	Jakarta, USAID
23. Deinken, Peter H.	Lima, USAID
24. Deuster, Paul	Jakarta, USAID
25. Diamond, Nancy	Biodiversity Support Project Reviewer
26. Dinev, Milka	Lima, Pathfinder International
27. Downing, Lance	Jakarta, USAID
28. Elias, Erwin	Jakarta, Small Business Exporters Assoc.
29. Fernández, Gonzalo	Lima, Instituto de Programa Social del Perú
30. Ferrara, Antonia	USAID/BHR/PVC
31. Firestine, Robert	Jakarta, AB Consultant
32. Frank, Michael	Jakarta, CRS
33. Frohardt, Katherine	African Wildlife Federation
34. Gamarra Chavarri, Soledad Ivonne	Lima, ISPE

Name	Organization
35. Gearon, Susan	Project Concern, Int'l
36. Geiger, Thomas	Lima, USAID
37. Gingerich, Molly	Jakarta, USAID
38. Gonzales, Sobeida	Lima, USAID
39. Greenberg, Brian	USAID/BHR/PVC
40. Hansen, Gary	USAID/D/DG
41. Harker, Bruce	Jakarta, Development Alternatives, Inc.
42. Haryono, Catharina	Jakarta, CARE
43. Heesen, David	Jakarta, USAID
44. Henson, Adam	African Wildlife Federation
45. Herbert, Mary	USAID/BHR/PVC
46. Herizal	Jakarta, Pact
47. Hewitt, Martin J.	USAID/BHR/PVC
48. Hodem, Mary A.	Lima, Catholic Relief Services
49. Jones, Kate	USAID/BHR/PVC Child Survival Programs
50. Jones, Sally	Former USAID/BHR/PVC
51. Kelly-Detweiler, Julia	Consultant
52. Kennedy, Tom	USAID/BHR/PVC
53. Kott, Michael	AED
54. Kugler, William	Jakarta, CLEAN Urban Project
55. Kuhn, Ronald	Lima, Adventist Development and Relief Agency International
56. Kuntarto, Tri	Jakarta, Winrock
57. Levin, Joel	Counterpart International
58. Levinger, Beryl	EDC Corp. (DOSA)
59. Lewis, Blane	Jakarta, CLEAN Urban Project
60. Liskov, Adele	USAID/BHR/PVC Acting Director
61. Lynch, Sara Ann	Lima, USAID
62. Maass, Lisa	USAID Contracts Officer
63. Meites, Peggy	USAID/BHR/PVC
64. Merino Paredes, Victor E.	Lima, USAID
65. Mesa Arellano, Caleb	Lima, World Vision
66. Miller, Tim	Lima, USAID
67. Milligan, Christopher	Jakarta, USAID
68. Murguía Parda, Carmen	Lima, Instituto de Educación y Salud
69. Myers, Terry	Jakarta, USAID
70. Parra Silva, Luisa	Lima, Redes Jovenes and ISPE

	Name	Organization
107.	Wendell, Dennis	Jakarta, USAID
108.	Widjajanti, Palupi	Jakarta, Project Concern, Int'l
109.	Yanulis, John	Institute for Development Research
110.	Yourkavitch, Jennifer	Project Concern, Int'l
111.	Yuliani, Lili	Jakarta, Small Business Exporters Assoc.
112.	Zarafonetis, John	InterAction

APPENDIX II: RESULTS OF CAPACITY BUILDING SURVEY

1. What types of capacity building efforts were included in your own matching grant design? (*Check as many as apply.*) (n = 8)

Management training	6
Technical training	8
Technical assistance	8
Assessment models/tools	5
Other (did not specify)	2

2. Did your organization participate in other PVC-supported programs or networks as part of your capacity building? If yes, please specify. (n = 8)
(For example, GEM, SDS, DOSA).

Four reported using GEM, one CORE, 3 SDS, 3 DOSA and 1 Basics

3. Also if yes, please rank your experience with PVC and its programs in terms of each of the following? (*Please check the box that best represents your experience on the 1-5 scale*) (n = 15)

Some respondents accessed more than 1 program

	Poor	Fair	Good	Very good	Excellent
	1	2	3	4	5
• Ease of access to assistance		3	3	2	3
• Quality of assistance		3	3	3	2
• Introduction of specific skills and/or tools		4	4	2	1
• Direct application to organization's programs		2	4	6	1
• Follow-up opportunities		2	4	2	1
• Cost effectiveness	4	1	4	1	
• Impact on programs/service delivery	1	3	3	3	1

4. Which of the following aspects of your interaction with PVC were helpful in your capacity building process and why? (*Please check all that apply and give a short explanation following the item.*) (n = 15)

(n = 7) RFA and grant writing process

- Our staff attended PVC workshops that gave explanations and orientation, which was very helpful
- We learned more about critical elements and indicators of capacity building through the grant-writing process
- Created awareness of essential elements
- Provides good framework for reviewing and aligning organizational strategies

(n = 7) Debriefings with PVC

- Together with the next item, we got very good support and feedback and direction from our grant officer

On PVO	On partner organizations	On field programs
<ul style="list-style-type: none"> Provides the opportunity for staff to increase technical capacity in specific areas Gives a great boost technically that would be otherwise hard to find time and resources for 	<ul style="list-style-type: none"> Great impact. Both for MG partners and other partners in our international network. They receive TA they wouldn't get otherwise and we are able to replicate this assistance around the world 	<ul style="list-style-type: none"> Great increase in technical ability, confidence, etc. Some increase in overall management capacity
<ul style="list-style-type: none"> Higher institutional commitment Increased level of readiness to achieve institutional objectives in partnership with NGOs and CBOs 	<ul style="list-style-type: none"> Better organizational structure Improved technical skills Better defined vision and objectives 	<ul style="list-style-type: none"> Higher level of efficiency and sustainability Better able to replicate efforts
<ul style="list-style-type: none"> Develop broad based capacity in integrating gender considerations as a core quality of the organization Move from direct implementation toward increasingly greater priority to working in partnerships and then further developing partnership models Increased understanding of measurement of empowerment, including the identification of core "conceptual" indicators of women's empowerment 	<ul style="list-style-type: none"> Capacity building activities are opened up to partners, not replicated Partners are also direct recipients of capacity building 	<ul style="list-style-type: none"> Field offices are progressively becoming more systematic and comprehensive in conducting gender analysis of their programs Each field office is learning about what works in partnership ranging from the criteria used to select viable partner organizations and how to prepare an acceptable partnership agreement
<ul style="list-style-type: none"> Increased staff from 5 to 9 Increased grants from about \$1.4M in 1993 to about \$13.8M in 1998 Increased number of proposals submitted from 4 to 14 over 5 yr. period 	<ul style="list-style-type: none"> Significant increase in ability to compete for and win funding \$43M in new project funds in four project offices over 5-yr grant period 	<ul style="list-style-type: none"> thousands in poor youth trained in skills leading to jobs (35,000) in MG 94)
<ul style="list-style-type: none"> Development and dissemination of model for planning and management, now used very effectively in most country offices as guidance for strategic planning, better assessment, visioning and monitoring 	<ul style="list-style-type: none"> Most of the countries that received training and follow up assistance in the model, training of trainers, gender training and evaluation assistance have replicated this with their partners In some countries the partner NGOs now use the model and have improved their services to communities 	<ul style="list-style-type: none"> Projects are better planned—clearer objectives and strategies

On PVO	On partner organizations	On field programs
<ul style="list-style-type: none"> • We developed knowledge, capacity and ability to start building partnerships • We learned about techniques and strategies to develop sustainability • We are able to bring these techniques and strategies to partners in the field (overseas), thanks also to external support provided by MG funds. • We are able to reach and build partnerships with organizations outside of our immediate network (a part of MG program emphasis). • We and our partners now have adequate electronic/computer means to exchange experiences and knowledge, hence accelerating the learning/development process in a more cost-effective manner (for example through reduction in amount of travel). • We and our partners are now in access to more resource materials to develop a technical knowledge base in microenterprise/business development support/microcredit. • We gain significant leverage from the MG resources and program to mobilize additional resources and support from other contributors (also to enlarge and build additional partnership). 	<ul style="list-style-type: none"> • They learned how to transform their organizations for a more business-like operation and to work toward the sustainability goal. • They developed and implemented the business concepts of planning, saving, cutting costs, investing, efficiency, and growth. • They learned about cost recovery and gradually reduced the need to depend solely on donated resources. • They are now more aware of competition, market demand for their services and the need to respond to these. 	<ul style="list-style-type: none"> • We began to share our MG strategic experience and methodology with the "larger" audience within the organization, i.e. including non-MG countries and non-MG units at headquarters.
<ul style="list-style-type: none"> • The incorporation of civil society into our ongoing programs was strengthened by this effort 	<ul style="list-style-type: none"> • Our efforts were strongly focused on building the capacity of local organizations, especially in the areas of civil society • This has allowed them to become more effective in their work and in meeting their objectives • The training and tools developed through the program can be used institutionally or be replicated with other NGOs 	<ul style="list-style-type: none"> • The quality of programs improved and the understanding of civil society and its role in development increased at the field level

On PVO	On partner organizations	On field programs
<ul style="list-style-type: none"> • The Matching Grant was a major factor in the development of our institutional strategic plan, which has laid the basis for subsequent development of our financial sustainability plan. • Was significant in laying the foundation for the M&E systems we have been building since • Improved ability to capture, disseminate and codify Institute-wide approaches and integrate these into program design 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

8. What specific capacity building efforts not supported by the matching grant did you undertake during the past 5 years? (n = 8)

- We are only one year old in the MG program. We are still very busy focusing on the efforts required by the MG, *although other sectors and programs in our organization already began to benefit/learn from the knowledge gained from the MG program.*
- *Lots of technology improvements and training took place for our staff. Some were partially supported by this matching grant and another USAID project we were also a sub-grantee on. We applied for more private foundation grants than before. All were generally related to supporting our organization.*
- *A number of capacity building efforts were undertaken not supported by the MG or other AID programs, including staff development, training, funding of Project Offices, etc.*
- *We are on a major trajectory to country offices becoming semi-independent "affiliates", which means they will need to be self governing, raise more of their own funds, make decisions and monitor more at the decentralized level. This is a logical progression, and one into which we are putting lots of efforts that are a part of the whole but not specifically supported by the MG.*
- *Currently our one and only large-scale microcredit program is supported by another USAID funding, although part of our MG program is also to build microcredit capacity.*
- *All our capacity building efforts are integrated into the USID/PVC grant objectives. Under the previous phases of funding, funding was leveraged from a number of donors.*
- *Everything we do is related to building capacity in field programs in developing countries. This includes capacity building in relief, community development, micro-finance, etc. None of these were supported by USAID funding. Except for relief and community development, they were unrelated.*
- **Gender:** A number of supportive capacities were developed with a diversity of funds that include government and private sources. Examples are training of staff, training they conducted—internally and externally, analyses they conducted, materials they developed. A field-based coordination unit to support this capacity by facilitating information and exchange is fully funded through a local USAID grant.
- **Partnership:** While grant funds facilitated the initial shift in planning and budgeting requirements that favored partnerships, those changes occurred concurrently with a growing recognition that this was a necessary and logical direction for sound development. Multiple sources (some private and some public) have been used to support the development of this capacity. For example, PVC funds have matched private funds to collaborate with GEM on a workshop.
- **Office of Health:** This program office held a number of capacity building (CB) events which were all unrelated to the grant.
 - Reproductive Health CB workshops held in Asia, LAC, and NIS

- Strategic and program planning CB workshops for health staff in Asia
 - Global CB workshop in operations research for health staff
 - Planned and participated in state of the art safe motherhood and new born health workshops (AID funded)
 - Documented and disseminated both within and outside Save the Children positive deviance methodology for nutrition
 - Planned and implemented reproductive health for youth programs PLA for project staff from 5 countries
- Division for Humanitarian Response: Has been the recipient of three institutional strengthening grants.
 - Institutional Strengthening Grant (1994-1998) to provide TA and build capacity of Home Office based staff working on food security (USAID Grant)
 - Institutional Support Assistance Program (1999-2003) to provide TA and build capacity of field based staff working on food security (USAID Grant)
 - Mellon Foundation Grant for Staff Development and Training: to strengthen SC's own ability to train on Children in Crisis.
 - Economic Opportunities (EO): Save the Children's EO programs have undertaken extensive capacity building activities. SC's EO sector itself was initially funded out of the first WCI grant from PVC. Over the last three years, SC's microfinance programs have shifted away from direct implementation by SC to implementation by local Microfinance Institutions (MFIs). SC's role has shifted towards developing capacity building relationships with these MFIs. Capacity building has taken place in the following countries.

With some USAID funding:

- Jordan, Lebanon, West Bank/Gaza
- Georgia
- Nepal
- Mali
- Mozambique (with PVC funds)

Without USAID funding:

- Egypt
- Tajikistan
- Armenia
- Viet Nam
- Morocco
- Pakistan/Afghanistan

Specific activities include some or all of the following:

- Expanded outreach: increase in the number of active clients.
- Institutional Culture: ensuring local partners can clearly articulate their vision, mission and values including a 100% repayment culture.
- Governance: work with local Boards
- Management: building and strengthening the institutional base and management of partners through on-the-ground training and technical assistance.
- Operational Systems: ensuring partners have an Operations Manual comprising the following: accounting and office administration, logistics, procurement and internal auditing. Also - a strong management information system (MIS) for loan management, a client information system and accounting.
- Human Resources: ensuring that staff development is based on established systems, policies, and procedures for: job descriptions, recruitment and orientation, career development, compensation and incentives, performance support and training.
- Marketing: This includes market analysis/ research, competitor analysis, positioning of MFIs and their

products, definition of institutional image and publicity, a clear marketing plan and strategy.

- Financial/Cash Management: financial/cash projections and a financial strategy, including safe handling of cash and loan funds. Over time, training in asset/liability management, liquidity management, risk management and equity management.
- Methodology: delivering the right mix of credit, training and one-on-one client service to achieve large scale with deep outreach, while ensuring that interest rates are sufficient to cover all costs. This will include reviews of loan cycles and terms, creative collateral systems (for future products), speed of service and "post GGLS" products. These will include individual loans for GGLS clients who have taken and repaid several group loans and whose business fundamentals, profitability and cash flow indicate that they can further scale up their activities. Technical assistance ensures that portfolio quality remains high with delinquency rates remaining below 5% and long run loss rates below 2%.
 - *Strategic/Business Planning: assisting MFIs to put together a credible business plan that will be revised on a regular basis.*

Education Office(EdO): In general all of the Office's programs involve capacity building of one sort or another.

- The EdO has supported capacity building efforts in Mozambique, Uganda and Ethiopia through the Partnerships for Innovations in Education grant, funded by the Anonymous Family Foundation. The objective of this grant is to support NGOs working in the Education sector--both organizationally and programmatically--so that they can work more effectively with communities in designing culturally relevant education programs.
- The EdO received a multi-country grant from Merrill Lynch (Uganda, El Salvador, Burkina, Bolivia) which Uganda and I believe Burkina used toward capacity building activities.
- In Malawi, the EdO has a USAID funded grant called Quest which falls under the realm of capacity building (to be able to develop and analyze data relating to baseline surveys).
- The Education Development Center, Inc. and Save the Children are implementing a USAID-funded project in Ghana entitled, "The Community School Alliances Project." The project details a comprehensive, innovative, and cost-effective approach for USAID in achieving greater community involvement in school improvement efforts in Ghanaian primary schools. Save brings to this effort many years of experience in working on issues of community mobilization and basic education through Sub-Saharan Africa.

9. If new positions were created and filled as part of matching grant capacity building, please list those positions. Check those that were or are currently supported by matching grant funds. (n = 8)

- *At headquarters level, the Economic Opportunities Director, one Economic Opportunities Specialist and one Education Specialist were created with these funds, but have been absorbed into the mainstream of the organization and are presently supported through other funds. Positions were also created to specifically support the grant in partnership, evaluation, documentation, financial management as well as an administrative assistant and project director.*
- *We do not have new positions made possible by the MG. Funds from the MG provide only partial support to positions already in existence at our headquarters. Furthermore, MG funds do not provide for any position in the field (neither American nor local).*
- *None*
- *Director of Civil Society, Program assistant in HQ and we will have program managers in our field offices working with the program.*
- *Does not apply*
- *Currently, the MG fully supports one trainer in each of three country offices, and partially supports Director of Training and secretary positions at headquarters. These are small percentages (also, 10% of Evaluation Director, primarily for the impact studies and final evaluation of the grant). Other positions that might well be partially supported: Director of Organizational Development; Director of Evaluation and*

Strategic Planning. Some Evaluation and planning positions in the field, as well, might be good investment. Professional staff in the area of agro-ecology will also be needed soon.

- *None are currently supported by MG funds*

10. Were specific capacity building targets set for the matching grant? If so, please specify those targets and indicate whether each was exceeded, met, or unmet during the life of the Matching Grant. (n = 8)

- *Yes, in the areas of sustainability, leadership, program operation and contents of services. We are working toward all these and just completed the first year. Concrete results have been achieved although still modest. We have a grid of factors and goals as benchmarks to guide our progress.*

Target: Staff from 12 countries (program offices) and staff from 30 partner organizations in three geographical sub-regions will understand and apply the concepts of the Cornerstone Model, thereby increasing their capacity to carry out sustainable development. Comment: To date staff from 23 countries have received this training and partner organizations staff in about 30 countries. The training for all was multi faceted and included: Cornerstones model, gender and training of trainers. We believe the goal has been far exceeded and that these staff are more competent and confident as development professionals and field workers.

Target: Staff and leadership of 18 partner organizations will understand and use gender analysis as a tool. Comment: In Latin America and Asia staff from 16 country offices have gotten this training, and are applying gender analysis thinking and tools in their work. Also, a "best practices" workshop on gender is being held in Zimbabwe in March 2000, with participation from all 8 Africa country programs.

Target: Impact studies – 12 – in selected projects to document social and economic benefits of projects. Comment: Actually, the number of studies is three, but include more than 12 projects inasmuch as these became multi-year, multi-project and factor studies. Preliminary data is being analyzed at Bradley University, after two data collection surveys in each of the three countries – Bolivia, Indonesia, and Zimbabwe.

Target: Direct socio-economic benefit to 3000 families through livestock projects in the three countries. Comment: After the first two years of the three-year project, the number of direct beneficiaries totaled 3,165. With HPI's unique "Pass on" system, the sustainability and expansion of this benefit to more families in the future is substantially guaranteed.

- *Capacity building targets were in terms of number of staff trained, offices established, proposals submitted, etc. They were all met or exceeded.*
- *Yes, in the areas of sustainability, leadership, program operation and contents of services. We are working toward all these and just completed the first year. Concrete results have been achieved although still model. We have a grid of factors and goals as benchmarks to guide our progress.*
- *The MG with a capacity building component is only 1.5 years old. It is too early to assess results.*
- *All the capacity building targets for the matching grant were met, as stated in the most recent evaluation.*
- *Yes, specific training for field staff. In general, targets were met.*
- *In our earlier efforts we really hadn't set targets for ourselves, we were a sub contractor to the prime grantee.*

11. What data sources are used to monitor changes in organizational capacity for you and your partners? (*Check those that apply*) (n = 15)

12. For those checked, use the designated space above to note how often information is collected? By whom? Are standardized data collection tools used? (n = 15)

(NOTE: the responses to questions 11 and 12 are summarized in the table below.)

Data sources	How often?	By whom?	Standardized tools used	
			Yes	no
Regular monitoring by your organization	Yearly	HQ and country program staff	But informally	
	Monthly	Director and staff	X	
	Semiannual	MG	Benchmarks preset	
	Monthly	Country team leaders		X
	Monthly	Director civil society		X
	Semiannual	Project staff		X
	Ongoing/ periodic	Field and technical staff Int'l programs mgt.		X
	Quarterly	Regional field office	X	
	Quarterly	EBO office	X –being worked on	
	Quarterly	Regional advisors and monitoring unit	X	
	Monthly	Technical resource unit	X	
	Monthly	Program management	X	
	Monthly	Program manager	X	
	6 months	Field staff and HQ	X	
Regular monitoring by your partner	Monthly	Director	X	
	Monthly	Accountant	X	
	Monthly	Technical resource unit	X	
	Quarterly	Regional advisors and monitoring unit	X	
	Monthly	Management team HQ	X	
	Annually	Project staff		X
	Monthly	Local partner		X
	Monthly	Program leaders or equivalent		X
	Semiannual	MG coordinator and staff	Preset benchmarks	
	Monthly			X
	Quarterly	Country head office	X –being worked on	
Special assessments	Semiannual	Staff and outside evaluation	X	
	3-4 years	Country programs reviews and strategic planning	More an approach with various tools	
	As necessary	Consultants		X
	1 time in LOP	Consultants working closely with us	questionnaire	
	Yearly	HQ	X	
	Average 2/yr.	Staff	X	
	Each 3 yrs.	Partner program management and country program managers	X	
	Yearly	Program manager	X	
	Ongoing	Program manager	Not indicated	
	2-3 years	HQ and external		X
General observation	Ad hoc	HQ, board, donors		X
	Quarterly	Program manager	Not indicated	
	Quarterly	Program manager	Not indicated	
	Monthly	Director of operations	Not indicated	
	Ongoing	HQ and partners	Being worked on	
	Annually	Field staff	Not indicated	
	Ongoing	Field and technical staff		X
	Ongoing	Project staff		X
	Always	Not indicated		X
	Ongoing	Team members		X
	Ongoing	We and partners	Preset benchmarks	

Data sources	How often?	By whom?	Standardized tools used	
			Yes	no
	Yearly in each country	Area program managers	Not indicated	
	Constant	Director and field staff		X
None		No responses in this category		

13. What are the most important capacity building needs for your organization at this point? For your partners, in your opinion? What plans have been made to meet these needs? (n = 15)

- Financial sustainability: We are aggressively implementing a program to develop business planning and business-like operations capacity. At the same time we are making a special effort to implement the concepts of clients, market demand/supply, competition, saving and cost recovery. We also get capable external consultants to help.
- Business Development Support (BDS) and Microfinancing Capacity: Our strategy orbits around what is already discovered, developed and circulated in the BDS and microfinance network of PVOs/NGOs including their claimed best practices. In a later stage, or mid-point of the MG, we will focus on creating value-added to enrich existing knowledge and methodology, and to possibly serve special markets heretofore unmet/unserved. In the microcredit in particular, we are also working under the mentorship of a larger and more experienced PVO, supported by a separate / different USAID grant.
- An exhaustive discussion involving staff from across International Programs took place in 1999 out of which capacity building needs were identified and prioritized.

IR1 Planning skills and systems enhanced

IR2 Capacity in core technical program areas and common (cross-program) strategies for implementation developed and mainstreamed

IR3 Performance monitoring and evaluation systems and capacities strengthened

IR4 Management capacities, systems, and operating environment improved

IR5 Financial resources mobilized to pursue innovative programs and respond effectively to emergency situations

IR6 Capability to recruit and retain dedicated and competent staff strengthened

Sub-IR6.1 Create more accountability and transparency with Human Resources

Sub-IR6.2 Be more proactive in staff Orientation Training and development

Capacity Building for Partners

Needs in capacity building for partners echo our own.

- Board and governance training for emerging country "affiliates"
- Financial sustainability – including business planning,
- Impact assessment.
- Agro-ecology

We have begun governance training and broad, coupled with strategic planning discussions of the "affiliate process" with the country program staff worldwide. We will need to do much more in the future. We have started a relationship with a consultant from the National Center for Non-profit Boards.

In the area of agro-ecology, we are embarking on an initiative, with a grant of \$250,000 from a private foundation, to do a major assessment of where we are, what the needs and opportunities are, which will lead to strategic planning for the next five years.

Our impact studies, in conjunction with Bradley University, need to be assessed in terms of how good the information is, how to replicate, and simplification of the data collection tools.

Financial sustainability is a big challenge for the country programs as they broaden their -base of funding, including in-country fund-raising, for-profit ventures, and financial strategic planning.

- Ourselves: how to change with the changing funding and general development, globalization situation. no plan yet, but we need to do so.
- Partners: the above and especially, to learn that to be entrepreneurial, to earn income is not a dirty world. We hope to use our present matching grant to further this concept.
- Capacity building in sustainability planning, and implementation of those plans. We have plans to address this in the next few years.
- We need to consolidate our learnings with civil society across the organization and documents the lessons learned and experiences. This will be accomplished in the new Matching Grant.
- For our organization: upgrading technical skills of country staff; improving mastery of computer software, M&E and PRA tools.
- For the partners: the same focus, but in greater details as skills are less developed than for our organization. Additionally, training in financial management.
- HQ: improved ability to identify and propose outstanding projects. Better skills in project development for girls' education.
- Field: same plus increased knowledge of donors and project design and implementation communication/interaction to share knowledge and abilities.

Responses from Micro enterprise grantees start here (from ME survey)

PVO	Partners
<ul style="list-style-type: none"> • HQ: microcredit expertise: research and technical • Teambuilding • Staff competency in use of emerging technology • 	<ul style="list-style-type: none"> • financial management • MIS—integration of portfolio management with accounting • Client-driven loan products and services • Building of equity, leveraging local, commercial capital • Refinement of credit methodology • Outreach to rural poor
<ul style="list-style-type: none"> • BDS and microcredit tools to be standardized and in place • Performance indicators reviewed, revised and practiced 	<ul style="list-style-type: none"> • Sustainability plan to be finalized • Board and staff trained in business model • Performance indicators more focused and in place
<ul style="list-style-type: none"> • Helping partners specialize and focus in order to reach real scale • Structure technical assistance so that the microfinance specialists that have the knowledge also have the authority and accountability for program execution at all levels 	<ul style="list-style-type: none"> • Transform into MFIs
<ul style="list-style-type: none"> • Financial skills, MIS 	<ul style="list-style-type: none"> • We have spent much time developing MIS software, which has been implemented in three programs. However it will not be suitable for a broader market...we need to continually upgrade systems and hire and train appropriate local staff.
<ul style="list-style-type: none"> • Governance and diversification of program financing • Human resource development 	<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • diversification of program financing toward leveraging our financial resources with other debt • legal restructuring at HG and field partner level including governance structures and strategic plans. 	<ul style="list-style-type: none"> •
<ul style="list-style-type: none"> • broaden and deepen our business planning, analysis and management expertise 	<ul style="list-style-type: none"> • stronger internal organization skills and a strong business orientation

APPENDIX III. SUMMARY OF R4 SOS WITH NGO CAPACITY BUILDING ACTIVITIES

Type of capacity building	USAID Operating Unit	USAID Goal Area*
NGO Technical capacity	Africa, Sustainable Dev.	ENV
	Albania	DG
	Angola	DG
	Armenia	DG
	Asia Env. Programs	ENV.
	Bolivia	PHN
	Brazil	EGAD, HCD, PHN
	Bulgaria	DG
	Cambodia	EGAD, DG, HA, HCD
	Cen. & E. Europe Region	DG
	Central Am. Programs	PHN
	Dominican Republic	DG
	Ecuador	ENV
	Egypt	ENV, HCD
	G/Environment	ENV
	G/Democracy	DG
	G/HCD	HCD
	G/PHN	PHN
	Georgia	DG, ENV
	Guatemala	EGAD, HA, HCD, PHN
	Haiti	EGAD, ENV
	Honduras	EGAD
	India	DG, EGAD, HCD
	Indonesia	DG, ENV
	Jamaica	EGAD, ENV, HCD, PHN
	Jordan	ENV, PHN
	LAC Regional	DG, ENV, PHN
	Lithuania	DG
	Malawi	ENV, PHN
	Mexico	PHN
	Namibia	DG, EGAD, HCD
	Philippines	DG
	Reg. Central/So. Africa	ENV
	Romania	PHN
	Senegal	ENV
	South Africa	EGAD
	Tanzania	PHN
	Turkmenistan	DG, PHN
	Uganda	HA, PHN
	Ukraine	DG, ENV, HA, PHN
	Uzbekistan	DG
	Zambia	DG, EGAD, PHN
	Zimbabwe	DG, EGAD, ENV

Type of capacity building	USAID Operating Unit	USAID Goal Area*
Sustainability	Benin Cent. & E. Europe Region Ecuador El Salvador Indonesia Kenya Kyrgyzstan Lithuania Macedonia Mexico Somalia	DG DG PHN PHN ENV PHN DG DG DG PHN EGAD, HA, PHN
Regional training capacity	Africa Sustainable Development Ethiopia	EGAD, DG PHN
Institutional capacity	Albania Benin Bolivia Bulgaria Cambodia Croatia Croatia/Slovenia G/Democracy G/Human Capacity Dev. G/WID Office Guatemala Indonesia Kazakhstan LAC Regional Programs Lithuania Moldovia Nigeria OFDA Peace Corps Small Project Assistance PVC Somalia Sri Lanka Tajikistan Ukraine	EGAD, ENV DG EGAD, PHN DG HA DG DG DG HCD DG, EGAD, ENV, HCD EGAD, HA, HCD DG, ENV DG DG DG DG DG, HA DG, EGAD, ENV, HA, HCD, PHN DG, EGAD, ENV, HA,, HCD, PHN DG, EGAD, HA,, PHN DG DG DG, HA
Monitoring and evaluation	Central Am. Programs	PHN

APPENDIX IV. SCOPE OF WORK

PVC MATCHING GRANTS CAPACITY-BUILDING PROGRAMS ASSESSMENT DECEMBER 1999 – MARCH 2000

I. BACKGROUND AND CONTEXT

For much of the 1990s, PVC has focused on enhancing the capacity of U.S. PVOs and their local counterparts to achieve sustainable development impact.

PVC undertakes this through its major grant programs as well as by providing technical assistance in financial and business planning, organizational capacity assessment and strengthening, partnership development, and support for sectoral networks.

PVC is unique in the Agency in that its only Strategic Objective focuses specifically on capacity building: **Increased Capacity of PVC's PVO Partners to Achieve Sustainable Service Delivery.**

Increased capacity, as defined by the four Intermediate Results that contribute to achievement of the Strategic Objective, means:

- Operational and Technical Capacity of U.S. PVOs Improved;
- Strengthened Partnership between USAID and U.S. PVOs
- Strengthened U.S. PVO and NGO Partnership
- Improved Mobilization of Resources by PVC's PVO Partners.

At the SO level, PVC seeks to measure three dimensions of capacity: change in PVO institutional capacity, service delivery, and sustainability.

The assessment described herein will encompass, and consolidate the findings of, two on-going assessments of PVC capacity-building programs: Sustainable Development Services (SDS) and the Global Excellence in Management Initiative (GEM). In addition, it will look at other mechanisms that PVC supports for its PVOs, other capacity-building interventions and measurement tools such as networks and the Discussion-oriented Sustainability Assessment (DOSA), as well as several grants wherein capacity-building of local counterparts is/was a focal point, to assess whether PVC's support had the intended effect. In doing so, the assessment will focus the preponderance of attention on the last ten years of the Matching Grant program under whose "umbrella" most of the capacity-building activities have been conducted. Other PVC grants, most likely of the Child Survival Grant Program portfolio, may be looked at in the course of the study if the opportunity presents itself.

II. Purpose of the Assessment

In this era of declining resources and emphasis on results, it is incumbent on PVC to evaluate the efficacy of its efforts both in terms of organizational capacity and the impact felt by the beneficiaries of the PVO programs that PVC supports. The purpose of this assessment, therefore, is as follows:

- To inform PVC of the efficacy, utility and impact of its capacity-building efforts associated with the Matching Grants program;
- To inform PVC in designing a results package comprising its Mission-directed LINGO capacity-building initiative as well as future capacity-building programs for PVC grantees;
- To provide information that PVC will use in refining aspects of its strategic framework; and
- If appropriate/possible, to provide information that PVC will use in reporting at the Strategic Objective level in its annual R4 report.

While it is important to understand the impact of PVC's interventions on its PVO partners and their counterparts, the primary objective of this study is to determine whether the Matching Grants program and these interventions have affected the way these organizations deliver services in the field and whether those

services result in improved conditions for the ultimate beneficiaries of PVC's assistance. As explained in PVC's Strategic Plan, the "... articulation of this SO stresses the importance of capacity development and the essential fact that increased capacity must, if it is to be justified, lead to results in terms of goods and services delivered at the community level."

Information on this point is critical to the future design of a results package of capacity-building mechanisms by PVC.

I. EVALUATOR STATEMENT OF WORK

The assessment team will seek to answer the following questions:

- How did the Matching Grant program influence and assist PVOs in building their own capacity and that of their counterparts?
- Did PVO grantees improve the design, management and execution of their own programs over time? Did their local counterparts improve theirs?
- What was the quantity and quality of technical assistance and products provided by the capacity-building and measurement programs (the networks, DOSA, PACT, etc) to PVOs and/or their local counterparts?
- How did the beneficiaries of these capacity-building programs use the training, and/or technical assistance to improve or hone new skills? To what use did they put them?
- How easy or difficult was it for the PVOs and their counterparts to access the capacity-building assistance PVC offers?
- What combination of capacity-building elements, if any, should PVC continue to support? What would constitute the strongest synergy of effort?
- What results have been achieved as a consequence of PVC's capacity-building efforts that directly contribute to its Strategic Objective?

The evaluators shall assess the following programs and institutional elements, providing evidence, criteria for judgement and citing data sources. Taking into account that the various PVC-supported programs are a diverse set of interventions, the evaluators will nevertheless draw general conclusions as to their impact and efficacy. The programs to be assessed are:

- Sustainable Development Services (on-going)
- Global Excellence in Management (on-going)
- Selected elements of the Matching Grant program (those focussing most directly to capacity-building)
- One or more networks supported by PVC
- The DOSA tool
- 4-5 Matching Grant programs (to be selected) that have participated in one or more of the capacity-building initiatives.
- One or more Child Survival or other PVC grants, *if such can be visited in the course of ordinary data collection or site visits to a Matching Grant or capacity-building program client*, to learn about their capacity-strengthening efforts with an eye to incorporating innovative approaches in recommendations for the future results package in capacity-building.

This assessment, because of its complexity, will require a collaborative approach to both its design and implementation. For this reason, it is not possible to provide in this SOW an exact listing of steps to be undertaken in this assessment. It is desirable that, at the outset of the assessment, the evaluators and PVC meet to discuss a conceptual framework for the exercise and based on that, decide the approach that will be taken to assess the above-named programs, analyze the findings, and prepare a report on the effectiveness of PVC's capacity-building efforts with recommendations for future action by PVC.

It is important to note that: 1) the SDS and GEM assessments are already being conducted and are fully funded in other Scopes of Work. This SOW includes them for purposes of integrating their findings into the overall report on the effectiveness of PVC's capacity-building programs, of which SDS and GEM are two. 2) Several of the other programs mentioned above such as PVC-supported networks are already being assessed for different findings as part of other studies being conducted by PVC for the R4. Others may already have had evaluations done. It is not the intent of this assessment to duplicate in any way those studies, and where data and findings from these and other studies of PVC-supported activities are determined to be relevant to the objectives of this assessment, they should be used instead of developing a separate inquiry. The same is true of data gathering efforts for the R4: where possible, the evaluators should attempt to coordinate their data collection with PVC staff in order to minimize disruption to the PVO grantees and their local counterparts.

IV. Assessment Methods/Deliverables

The Assessment Team will:

- Participate in an initial meeting with PVC to discuss and design a conceptual framework for the assessment as well as the methodology and criteria for assessment of program performance to be used in carrying it out (December 1999);
- Submit a written copy of the detailed plan of work to PVC (no later than the end of the second week of January 2000);
- Interview and/or engage PVC staff and relevant stakeholders at the beginning of the assessment and at appropriate intervals throughout.
- Review all relevant program documents and reports, especially MG evaluations containing data on capacity built during grant period to help determine possible field visits to obtain more data (January);
- Interview partner staff and to the extent possible, beneficiaries of partner programs, both in the U.S. and overseas (January-February);
- Visit one or more Child Survival or other PVC grant programs during MG data collection or site visits overseas, if possible without detracting from the primary objectives of the study (February-March);
- Conduct broader survey of MG grantees to obtain data resulting from the MG program and/or its related capacity-building interventions;
- Document all data sources (throughout);
- Draft a final report encompassing the findings from all of the above and recommendations for PVC in the design of a results package in capacity-building (March);
- Discuss the report's findings at a debriefing for the office (April);
- Collaborate with the PVC Project Officer in preparing an agenda, framing issues for discussion, and recommending participants for a roundtable on capacity building. USAID and PVO representatives as well as acknowledged experts in capacity-building are to be invited. The evaluators will present their findings from this assessment, and incorporate relevant comments and recommendations from the roundtable in the final assessment report (late April-early May).

V. Team Composition and Participation

A team consisting of two senior-level evaluators knowledgeable in PVO/NGO management, strategic planning, and capacity-building will be required for the assessment. Excellent writing and analytical skills are desired. No language skills are required other than English.

Individuals and organizations anticipated to cooperate in the assessment include: BHR/PVC, AMATech staff, program partner staff in the U.S. and overseas, clients of the capacity-building programs (the PVOs and NGOS), and their beneficiaries.

VI. Schedule

The estimated level of effort for this assessment is up to a total of 100 workdays (6 day workweek is permitted). Overseas travel will be required by one or both team members, and is estimated to take up to a maximum of 24 days. Overseas travel destinations will be determined in early planning meetings with PVC, but are likely to include Africa and Asia.

Travel within the U.S. will be required to visit the headquarters offices of several of the PVOs that have participated in and/or are familiar with PVC's capacity-building programs, and is estimated at 8 days.

VII. Reporting and Dissemination Requirements

The outline of the report will be developed collaboratively with the evaluators in early meetings, but among other things will include:

- The evaluators' assessment of the effectiveness of the models/programs reviewed in light of their coverage and cost;
- The views of the stakeholder PVOs and NGOs regarding the effectiveness of the PVC capacity-building programs with which they were involved;
- Recommendations for PVC to consider in the design of a new results package to build the capacity of U.S. PVOs, local counterpart organizations, and USAID Missions -- in particular, specific services that should be offered to each, and the combination thereof to achieve the most impact;
- A bibliography of recommended documents for the Results Package design team to read;
- Brief descriptions of innovative capacity-building approaches the assessment team encounters as part of its research and considers worth further investigation by the Results Package design team.

A mid-term meeting will be held in late February at which the evaluators will present their findings to-date. The evaluators will submit a draft version of the final report to PVC through AMaTech by April 3, and present a debriefing on the study within a few days of that date to PVC staff. Approximately 3-4 weeks later, the evaluators will present their findings to a roundtable of USAID, PVO and other experts in capacity-building, and incorporate their comments and recommendations into the final draft of the assessment report, due within 5 working days of the date of the roundtable.